

INSIDE: Washington wakes up to acid rain

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JULY 18, 1983

CANADA'S WEEKLY NEWSMAGAZINE

\$1.25

THE RECOVERY TAKES SHAPE

But will it last?





COVER

The recovery takes shape

After 18 months of devastating recession that caused hundreds of bankruptcies and high unemployment, Canada's economy is finally launched into recovery. But as the nation's finance ministers met last week to untie the various restraints, there were fears that the fragile recovery may yet be killed by a new round of inflation and high interest rates — *Page 38*

COVER PHOTOGRAPH BY STEPHEN GRAY



Bennett swings the axe

B.C. Premier William Bennett's tough budget ended rent controls, slashed down on public service unions and raised taxes—an example others may follow — *Page 19*



The schools issue

U.S. President Ronald Reagan, with an eye on the 1984 election, has turned the crisis in American education into the number 1 political issue of the day. — *Page 42*



A frail leader's warning

Despite failing health, Soviet leader Yuri Andropov firmly confronted West Germany's Helmut Kohl on the issue of new Soviet deployment. — *Page 18*



Taking Shaw seriously

With its mid-season offerings, the Shaw Festival is challenging the popular belief that G.B.S. was little more than a philosophical wacko. — *Page 54*

CONTENTS

Books	50
Business	36
Canada	10
Computers	45
Dairies	8
Education	42
Environment	40
Film	52
Footballism	56
Garden	9
Justice	44
Law	41
Music	53
Newman	39
People	26
Sports	48
Theatre	54
World	18

Papal road show

Bravo to Madonna's for the fine coverage of the visit of Pope John Paul II to Poland (*The Pope's Polish adventure*, World, June 25). Almost every other news medium has insisted on reading all sorts of things into the Pope's remarks. That is why the *Madonna's* report on the Pope's visit was a refreshing, honest change. Please continue to give your readers a factual account of events as they are, and not what sensation-seeking reporters hope events will be. —ALEXANDRA BERRY, Edmonton

Some questions have arisen since your article of the June 27 issue on the Pope's visit to Poland, which was written while the visit was still in progress. True, he may have done a great service to his countrymen by urging them to defy their government, but has he lived up to his position as supreme head of the Roman Catholic Church by stepping into the political arena to champion the political demands of his own people? As the man chosen by his peers to interpret God's teaching to the people of the world, he has disappointed many by his provincialism for the material concerns existing in his own small country. Recently we have seen the apostle head of the Catholic church emphasizing his concern for the political aspirations of a favorite son, while the urgent need for more survival on the part of millions of his massive family in need being addressed. Our faith is slightly shaken. —WYLLIE A. LANDALE, Whomook, B.C.



Pope saying mass in Warsaw province

Out on a limb no more

With reference to your June 27 *People* section about Shirley Madatsis and her new book, *Out on a Limb*, we would like to make it clear to your readers that this book is nonfiction and is the author's third book of autobiographical memoirs, not a "new novel," as it was described in the item.

—REXAN MESSING
Manager, Publicity and Promotion
Department,
Beats in Books Canada Inc.,
Toronto

Disgruntled whiners and a stink

Your article *Ministerial Discontent* (Religion, July 4) was a bit off base and highly ironic. This is due to the fact that even though the United Church of Canada constitutes its courts with at least 90 per cent lay representation, the clergy is in my opinion still the group in the church that exercises power. It is the height of irony that a "Clergy Abuse" group is formed. This is a lot like an "Apartheid Abuse" group existing in Israel. Your report misses the real issue of the clergy's dominance in the church. Disgruntled whiners like Clergy Abuse cause a stink in church courts and get paid in Madonna's Lay people go out the door. —BRY STODOLNY, Stittsville, Ont.

Least we forget Roy Peterson

Allan Featheringham's column is only a gold setting for Roy Peterson's gems. I do not remember anyone ever mentioning him in your columns and yet is there a better political columnist anywhere in the world?

—OLIVER CHILDS,
Ottawa

PASSAGES

MARRIED: Actor Richard Burton, 57, to Sally Hay, 36, a former SBC production assistant whom he met in Vienna last year while filming the movie *Wagner*; in Las Vegas. Burton is currently appearing opposite two times with Elizabeth Taylor, 51, in the Broadway production of Noel Coward's *Private Lives*, in which they play love-struck ex-spouses. They were divorced for the second time in 1974. This is Burton's fifth marriage and Hay's first.

DIVORCED: Author Roald Dahl, 64, by Academy Award-winning actress Patricia Neal, 57, after 20 years of marriage. Dahl, the author of *Charlie & the Chocolate Factory* and *Kiss, Kiss*, married Neal back to back after she suffered a series of brain operations in 1968, and their marriage was the subject of the 1981 television film *The Patricia Neal Story*, starring Glenda Jackson and Dirk Bogarde.

DIED: Herman Kahn, 61, the renowned defense analyst and futurist, of a heart attack, in Chappaqua, N.Y. (page 55).

DIED: Futurist, inventor and architect R. Buckminster Fuller, 87, of a heart attack at the hospital bedside of his wife, Anne, who was in a coma in Los Angeles. Fuller was best known as the creator of the geodesic dome, perhaps the most celebrated of which housed the U.S. pavilion at Expo 67 in Montreal. The U.S. government gave it to the Canadian government when the full-sized Fuller's widow, also 87, died without resuming consciousness 30 hours after her husband's death.

DIED: Band leader Harry James, 67, a major figure in the Big Band era of the 1930s and 1940s, of lymphatic cancer. In Las Vegas. James became famous as a trumpet player in Benny Goodman's orchestra between 1937 and 1939, when he formed his own band, which remained popular for more than 43 years. James hired both Frank Sinatra and Dick Clark to work with his band when they were still unknown singers. From 1942 until 1945 he was married to "America's favorite pin-up," Betty Grable, who died of lung cancer in 1973 at the age of 54.

APPOINTED: John Babcock, 36, the former bishop of Durham, as Archbishop of York, the second-ranking post in the Church of England, in London. Bishop Babcock is a former university scientist who worked as a pharmacologist before entering the church in 1969. He has written several theological books, including *Anglican and Science* and *Working Faith*.



Genever Gin

The history of gin evolved through various stages. The first was Genever Gin, invented by a Dutch professor of medicine around 1600. Its still enjoyed today for its robust taste, characterized by the pungent flavour of juniper (gentle) berries.



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Prisons disparage

I am writing in response to the article *Nunavut Canada's prisons* (Cover, June 6). I wish to respond both as a person currently working in the field of "rehabilitative programs" from the base of a private organization and as an ex-prisoner, having served 10½ years of a life sentence. Your reporters have done a very good job in collating their information. However, there are a few things that require clarification. One comment is that only 6.3 per cent of ex-prisoners who leave institutions as mandatory supervises return to prison. In fact, the

Canadian recidivism rate fluctuates between 50 and 70 per cent at any given time. That means that five to seven of every 10 inmates leaving prison will return to prison, somewhere, and generally within a five-year period. But 88 per cent of all prisoners in this country will get out one day, and I submit that we create such a state of anger in prisoners that they will leave prison far more dangerous than when we placed them there. Another mistake we make is in entrusting prisoners once they do get released. Our attitudes are such that we fence them to remain apart

from society. We screen for justice when they do not fit in as we would have them, but we will not allow them the luxury of changing their lives to become useful and productive members of society.

—DARLE HATES
Ottawa Director,
Reform Program,
Prison Fellowship of Canada,
Ottawa

Your article entitled *Juvenile Canada's prisons* is an unfair assessment of Correctional Service Canada. You might have suggested that our parliamentarians review their brutal and punitive 20-year life sentences. Many who have such sentences are in medium and maximum security institutions—not "boiler-rooms" in maximum security institutions. The new legislation on mandatory supervision for inmates released from institutions on supervises states that they are returned only if they "fail" and the parole board will then determine if they are to be released again before their mandatory supervises time expires. Overcrowding is a result of our present economic situation and has resulted in "double bunking," but this is a short-term plan, cells are being developed in medium security institutions, and several will be available in the fall. The CAC is currently working on a plan that will have inmates released at the earliest possible date, thus alleviating some of the overcrowding.

—WILLIAM BROWN,
Chairman,
Consultation Committee on the
Development of a
Correctional Strategy Canada,
National Parole Board,
Edmonton

Missing out on visual humor

Your review of *Prisoners of the La Trappe* (17) only the words could speak out. *Prison*, June 12) mistakenly discounts layers of good music and cinematic skills. For all the director's self-indulgence, the film brings audiences right into the lockups and the drama of the work more memorably than any stage production. The reviewer overlooked to tell us how close to the story we come, with the intimate photography and blessed subtleties. He misses the visual humor. The reviewer may not like Zeffirelli's preoccupation with landscape and rich brocade, but it is a visual fascination as he is keeping with Verdi's lustiness (Verdi would have loved the film, I bet!).

—PATRICK WATSON,
Toronto

*Letters are edited and may be condensed. Writers should supply name, address and telephone number. Mail correspondence to: Letters to the Editor, *Windsor's* magazine, Maclean's Printer 856, 777 Bay St., Toronto, Ont. M5W 1A7.*

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DATELINE: AFRICA

The havoc of drought

Every morning Warrant Lwisa, a black woman bent with arthritis, scurries up a stony path to the dusty road a kilometer from her home in South Africa's Ciskei "homeland." At the roadside she waits patiently with her neighbors for the army trucks that will bring that day's water supply, part of an \$18.3-million (U.S.) government aid program to relieve the drought crisis in the country's rural black areas. But the relief is fleeting.

For Lesotho and Ingogo of Africa's south of the Sahara Desert, 1983 has been the year of the most widespread drought since meteorologists began to keep records a century ago in Zimbabwe. 300,000 cattle have died, and baked grass has become the staple food of famine. In Mozambique widespread drought has killed four million of the country's 16 million inhabitants. In Ghana, raging bush fires have destroyed 90 per cent of the crops. Desperate villagers have set many of the fires in an attempt to render outcrops safe to acquire their meagre diets. And in rural South Africa, where 30,000 black children are expected to die of malnutrition over the next year as a result of the drought and famine, one of the 60,000 damsels in rags is using the grassy land for cattle, sheep and goats.

The United Nations Food and Agriculture Organization is May expected to be 20 countries, including Canada, for emergency aid for drought-stricken Africa. The UN's report says that 1979 will be the last and next is expected to rise to \$200 million this year. Frustrated relief officials contend that most governments have resources, lacking only the will to share them. They say that the drought has compounded the problem in some countries. The South African government, for its part, grew increasingly uneasy about the mounting food crisis, and, in 1979, it stepped up its efforts. It fears that trouble will erupt in rural areas where starvation and malnutrition are most acute. As South African Agriculture Minister, Bopha Mphahlele, said, the South African Council of Churches Hunger Relief Fund in 1979, he warned "Men and women will set out passively while their children starve. I am fearful that people will kill."

—Domenico Guttuso is Toronto, with
Albino Sorris is Cleveland.

COLUMN

Would you believe, Six-and-Four?

By Charles Gordon

These days much to celebrate, much to ponder as the cabinet set to consider Phase 2 of its master plan for Canadian economic recovery. Actually, this was Phase 2 of Phase 3 of an earlier program for economic recovery, but no one in the cabinet had been there long enough to remember. Only Dr. Stonguave, the government's longtime economic guru, could remember, and he wasn't talking. Reports, questions and suggestions as usual, but the meeting could only have been only the rapid-fire laze of someone yawned that had become his trademark. "Leading economic indicators," he quipped, in answer to a question on the purpose of the meeting. "Trend-setting rate. His be he."

In the space of only one year, and even bigger, much had changed. Even the setting was different. The cabinet, criticised for making all of its economic decisions in the isolated, bourgeois atmosphere of Ottawa, had decided to take its deliberations to the people. Consequently, the cabinet had packed its computers, its advisors, its press-release writers and advertising men and women and its boardroom in a large Toronto hotel. "I've never seen a class so large in the grassroots," said the Minister for Northern Saskatchewan and Prairie Wildlife Testing, as the cabinet sat down in the Green Room, newly done over to bring for the occasion.

Phase of the economic recovery program had necessitated a massive governmental reorganization. The Minister for Fisheries and Manger had lost the inflation portfolio, which had been sent to the National Archives for safekeeping and denoting. He was now the Minister of Manger and Fish. Fish had been taken from Fisheries and Oceans, and oceans had been combined into a new ministry, called the Department of Visible Minorities and Oceans. A Department of Technopopularity had been established, under the former Minister of Malnutrition.

The most important change, of course, was that the Finance Minister, the sailor of Phase I, had left the cabinet. As part of a special assignment given to him by the Prime Minister, the former Finance Minister was in Scotland handling assets. The new Finance Minister, the former Minister of Crushing Debt, called the meeting to order.

The Structures, Form, or appearance

to "Demand Side," he said. "Inflation dig. Break significant psychological barrier. All-important Gross National Product bubble. Dollar stability stable. New dove plumage. Skyrocket soars. Trend-setting interest rate sets a trend. Confidence confident. Thank you."

More applause greeted another cabinet veteran, the Minister of State for the Disappearance of the Family Fava. "That's a fine report," the minister said. "If this keeps up, we won't have to worry about that Gullfoss, or whatever his name is." "U'Hooney," said the Minister of Survival, formerly the Minister of Demand.

"Whoever he is," the Finance Minister said "You know who I mean—the guy from the party with no managerial expertise. When Phase 2 kicks in, all our troubles will be over."

"Will Phase 2 mean another cabinet shuffle?" The Minister of Drought asked. The previous shuffle had been

*'The Prime Minister
dispatched the former
Finance Minister to
Scotland, where he was
to haunt the moors'*

drastic. The Minister of Bankruptcy had become the Minister of Light in the End of the Tunnel. The Minister of Stagnation had become the Minister of Revitalisation. The Minister of Small Business Failure had become the Minister of Upswing. Most important, the Secretary of State for Maritime Fisheries had become the Minister of Six and the Minister of Fortune had become the Minister of Five.

"Not this time," the France Minister replied. "We will have the speculation about a cabinet shuffle, of course. That will take the headlines away from McInerney." "Glibcooly," the Minister of Revenue said.

"I don't want to stand in the way," said the Minister of Drought. "Just so long as we don't lose the planes."

"Yes," said the Finance Minister, "remember that Phase 2 is Free."
 "Free," the cabinet chorused.
 "Good," said the Finance Minister. "Don't get it confused with Six Last year was Six."

"This year is Five," said the Finance Minister.

"And Healthline doesn't get in," added the Minister Responsible for the Crow Whatchamacallit.

"Next year, if we're all very good, it might be *Snow*!"

The cabinet ministers whooped and threw papers into the air "Se-ven!" they chanted. Until a voice came from the back of the room.

"There's unemployment, of course," the voice said.

The Finance Minister whirled. "Who said that?" he demanded. The Minister for Towns Gardens raised his hand.

"Look," the Finance Minister said, "we can't get on with the business of bringing new prosperity to the land if people persist in gri-poking, negative thoughts and nay-saying, can we?"

Dr. Stangevane pounded his pencil on the table. "Confidence," he said. "Stock market. Bull. Bear. Slide."

"You heard that," the Prime Minister said. "Don't you think the alleged unemployed was Simon too? Do you think the Prime Minister likes having to go on television nights and again to explain every tiny little thing? Don't you think he gets tired of that?"

Several ministers attempted to get a new chant of "Seven, Seven" going, but others quickly settled, "If it isn't Seven," said the Finance Minister, "it could be Four. Remember that."

Gossens and mothers of "not Four" swept the room. "Don't worry," the Finance Minister said. "It won't come to that. Five will be a big hit. Seven will knock 'em in the stakes. Right, De Stengerveer?"

The government's longtime economic guru had a peculiar smile on his face as he put papers back into his briefcase and nodded to the Finance Minister. He stopped briefly to chat with importers on his way out of the hotel. Afterward,

Charles Gurdin is a columnist for the Ottawa Citizen.



Bennett's axe swings right

Bertie's Conservatives got less far more last week—reduced services and higher taxes—than a newly re-elected Social Credit administration that was to set a tough example for the rest of Canada. In a 90-minute budget speech, Finance Minister Hugh Currie dealt gunning blows to many of the province's social programs and put down Premier William Bennett's campaign rhetoric to cut the size of the bureaucracy—even though the province will run a deficit. Said a steadfast Currie: "Growth of government is being reversed, and the private sector is encouraged to increase employment."

The Bennett administration, reinvigorated after the May 5 election victory that produced an increased majority of 38 seats (to 52 for the Opposition New Democrats), swept away any doubts about the government's intent to shrink the number of lawmakers by 25 per cent—about 51,000 jobs on Friday 400 civil servants were told that they will be lost by Oct. 31, and the government said that 2,000 more employees would follow. Currie compared the administration to Nazi Germany. "When do the brown shirts come?" Opposition Leader David Bennett asked. "They are come beating, job hunting. They are rats." The government also plans to claim the right to fire any of the province's 55,000 public employees without cause when union contracts expire. Even workers who narrow the cuts will have to make do with current wage levels that were frozen indefinitely. Despite all the hard talk about cuts, though, government spending will increase by 12.5 per cent, to \$5 billion from an equivalent, restaurant food and long-distance telephone calls were raised. That the government must have to borrow to cover most of the projected \$1.6-billion deficit for 1993-94.

Currie's speech generated the usual desk-champing and applause from his government colleagues. But some of his measures, particularly the increase in the sales tax from six to seven per cent, generated harsh criticism outside the legislature. Richard McAlary, chief economist with the B.C. Central Credit Union, questioned the wisdom of the tax hike, especially given the fragility of the province's economic recovery. "An increase was not expected, and it is not

landlords can raise rents once a year will be a further blow, particularly to lower-income tenants."

The Human Rights Commission and the labor ministry's human rights branch joined the *Restoule* on the B.C. scrap heap. Those changes—and many more—were introduced in the legislature last Thursday in an avalanche of budgetary papers, press releases and bills—36 in all—that left the

Opposition momentarily stunned. NDP Leader Dave Bennett roared quickly enough to warn that the budget would hurt small business, with the poor, sick and unemployed forced to bear the heaviest costs. Bennett was particularly angry with health care increases, including a rise in the fee for an emergency room visit from \$4 to \$10; the government had denied that it planned to increase test fees.

Undermined, the government from welfare rates, asked the power to supervise local education budgets and scrapped every official marriage plan in the province. The Bennett regime's attention remained firmly fixed on the bottom line: cutting costs wherever possible. That led to conflicts with other government programs, such as the early task of cracking down on the province's anonymous drunk drivers. Plans for mandatory jail sentences have been scrapped to save money.

The tough line taken in the budget was foreshadowed a week earlier when the province refused to pay the \$2.9 billion needed to extend job creation projects employing nearly 5,000 British Columbia. Now, with four years to go before he faces voters again, Bennett has increased the taxes of an average B.C. family by \$216 a year. It is the high cost of giving the country a conservative example to study—and the experiment is bound to get a careful viewing.

—MAGNUS GRAY in Vancouver

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—MAGNUS GRAY in Vancouver



Packford on the stump, offshore oil, Churchill Falls hydro and, now, fisheries

A new squall in the outports

For the past 30 years, government reports as Newfoundland's troubled 27,000-job fishing industry have been one of the province's major cottage industries, although nothing much over came of them. Last week, in a unilateral move by the federal government that was immediately denounced by Newfoundland Premier Brian Peckford, federal Fisheries Minister Pierre De Baul announced that Ottawa was finally going to get its recommendations in last year's Kirby report, which concluded that a major restructuring of the debt-ridden fish-processing industry was required. With a firm grip on the filleting knife, De Baul announced that three of Newfoundland's largest processing firms would be merged into one supercorporation, making it the world's second-largest fish processor. The cost to federal taxpayers: \$75 million.

Most of the firm's staggering debt load will be erased in an agreement with the Bank of Nova Scotia, which will convert its estimated \$80 million in respect loans to the companies into a minority interest in the merged company. The catch was that the reorganization was announced without the consent of the Newfoundland government, as was a new offshore oil deal announced later in the week. Peckford's reaction from the fish scheme threatened to trigger renewed skinning at early as the continuing disputes over offshore petroleum.

The offshore row escalated last week when Energy Minister Jean Chrétien ordered Petro-Canada to start drilling in the Hibernia oilfield 200 miles off Newfoundland without a provincial licence. Throughout the 10-year oil dispute over offshore oil, the supermajority, including Peckford, have been sceptical about seeking licenses from both sides. But Chrétien argued that "too much time has been lost already."

The provincial reaction to Ottawa's latest unilateral move was predictably bitter. Newfoundland Energy Minister William Marshall said that Chrétien "seems to regard himself as the original political macho man."



The latest squall over fishing blew up on the last day of June, when Peckford summoned reporters to announce that negotiations with Ottawa on fisheries restructuring had reached an "impasse" over the question of which of the 125 fish processing plants should open and which should close. Both sides had agreed that the beleaguered, isolated north coast communities of Ramoth, Gander and Harbour Breton should be their paddled plants reopened. But Ottawa insisted that the fate of two closed plants at Grand Bank and St. John's, on the more populous South Peninsula, should be left to management's discretion—a euphemism for closing permanently—and Newfoundland broke off discussions.

Last Monday, when Peckford was at home in St. John's, 500 km from the capital, De Baul visited St. John's. He first addressed Peckford's allegations. According to De Baul, Peckford's claim that Ottawa wanted to close six plants was "totally false." In addition, De Baul stated that the May 10 announcement by Fisheries Minister Jean Chrétien actually had agreed to merge the three companies and that both sides concurred on a Prime Minister's analysis about the closing of plants at Miramichi, St. Lawrence and Grand Bank. On May 17, in fact, De Baul and Chrétien agreed a provisional agreement on the cleanup subject to ratification by the two governments. When the Peckford cabinet balked, De Baul decided that further negotiations with Newfoundland were "fruitless."

Ottawa's pro-nuclear strike leaders answered the question of what happens in the estimated \$40 million that the fish companies still owe the Newfoundland government for various loans and guarantees. Newfoundland hoped to roll over that debt into a five-year block of shares in the new corporation. Now, no chance of participating in a partnership seems as slim as the hopes of Grand Bank and Harbour Breton. How will the province get its money back? "I don't think all the players know yet how this monster is going to work," said one official close to Morgan. One possible move is that the province, with jurisdiction over land-based fish processing, could deny Ottawa access to processing licenses. To that, De Baul said, "That is a no prepossession. I take it for granted it does not exist." With Ottawa's double-barreled onslaught last week, a full-blown political war may be prepossession, but not a shoo.

—RANDOLPH JONES in St. John's



Bennett, a tough example of reduced services and higher taxes



NDP chefs Barrett, Whiskey, Rolley, Alexander, Tony Penikett, Broadbent and Robert Rae: dangers in 50th year

The worst of times for the NDP

By John Hay

What is wrong with the New Democratic Party? Just when everything should theoretically be right with the NDP—with the economy suffering, the two "old-line" parties in disarray and chaotic politics in disrepair—Canada's party of the left was strong last week by one of its worst Gallup poll ratings in 28 years. Support for the NDP has sunk to 18 per cent of the decided voters, against 50 per cent for the Conservatives and 36 per cent for the Liberals, in a survey taken just before the Tories' June leadership convention. Not since March, 1979, has the NDP fared so badly in the Gallup. The poll only extended its assessments that already, alas, prevailed among many New Democrats as they left their national convention to face an uncertain future across the country. There was small comfort in the parting speech from leader Ed Broadbent: "We've got a battle ahead in the next 12 months. But I have never felt better in my life about leading that battle with this party," he said.

Broadbent emerged from the four-day meeting last week in Regina's Agri-domes with his leadership intact for at least another two years, and with the makings of a party platform for the next election. The NDP will fight for medicare, disarmament and jobs—the three issues proclaimed to the convention in a five old revivalist speech by the former leader. 78-year-old Tommy Douglas (Broadbent was quick to concede that adopting the issues will not be immediately transferable to sup-

port in the Gallup polls. I repeat, we don't base our policies on Gallup polls.")

Among MPs and activists, however, the dangers in those policies are obvious. The defence of medicare, for example, has already been taken up by the Liberals in a campaign against doctors' extra-billing and hospital user fees being imposed by provincial governments. The NDP can use the issue against the Conservatives in the West, but less easily against the Liberals. John Roberts, a former Saskatchewan MLA, worries that the NDP will simply "lose sounding like a chorus for Manique Magin," the federal health minister.

The touchstones of the disarmament issue in Canada is the testing of cruise missiles, which is still under study. A decision to permit the tests "would be the best thing that ever happened to us," says NDP federal secretary Gerry Caplan. The NDP could lose the issue, however, in the unlikely event that the cabinet decides against the tests.

Given with nearly 1.5 million Canadians officially non-aligned, the job is also perhaps the trickiest: that the NDP has to handle Broadbent's problem will be to outline a coherent national strategy without conjuring up images in the public mind of lag government and central control by Ottawa. Even socialists these days are skeptical of national government direction.

It was the issue of centralism that provoked Broadbent with his most serious challenges in Regina. A group including Richards, Alberta NDP leader Grant Huxley and former Saskatchewan premier Allan Rockwell arrived armed with a statement of principles for the

party that stressed regionalism and provincial autonomy. More provocatively, it proposed a "social contract" among governments, industry and labor and an "income policy" to allow economic growth without fueling mass inflation. Union leaders adamantly rejected an income policy as wage controls in disguise, and by the time the convention passed a cut-and-paste compromise made no mention of an income policy. The westerners won their battle, however, in the fight for decentralized federalism. If nothing else, they wanted to rid the NDP of the reputation it gained during the 1981 Constitution debates as a party tied to the centralist ideas of Perry Trudeau.

It is no accident that the chief source of discomfort with Broadbent's leadership, and with the NDP's direction, is in the West. Of the 35 New Democrats now in the Commons, 26 are westerners. Twenty of those 26 were first elected in 1979 or 1980, entered in earlier hard times, they are the most frightened by the NDP's present showing in the Gallup poll says Roberts. "There is the worst case Social Credit scenario in some ways"—the nightmare of being defeated in the next election and left to survive only in a few provinces like the Soviets. One hope for the western New Democrats lies with the Liberals if the Grits choose John Turner to succeed Trudeau, they might drive away enough votes from the Tories to leave some ridings in NDP hands. But the NDP's real advantage must be found by the party itself. Says Saskatchewan MP Lorne Nyssen: "We have to become more of a left-wing populist party." Indeed, if the NDP cannot soon define its own character and purpose more clearly, it might well become irrelevant. ☐

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Fishermen unloading salmon: Alaska now wants to reduce Canada's catch

The U.S. shelve a fish treaty

Canada has often been the victim of "wooded thought" diplomacy in the United States. The latest casualty is a salmon fishing treaty that Ottawa thought had been signed, sealed and delivered in February. Despite continued efforts last week to get it back on line, the treaty fell victim to political cold feet in Alaska.

Five months ago, after years of negotiations, Canadian and U.S. negotiators inked a treaty designed to ensure fair fishing rights and co-operative stock management policies for the \$200-million-a-year West Coast salmon fishing industry. However, as the federal cabinet prepared to confirm the agreement in mid-March, the United States backed down and requested demands which originated in the state of Alaska. Fear of the riots were dealt with swiftly, but the remaining two developed into major sticking points.

The first issue concerns the size of the Chinook salmon catch allowed by Canada and Alaska in their respective waters. The Alaskans now want to reduce the size of the Canadian catch from 800,000 to 850,000—and maintain their catch at 275,000 fish a year. The move comes at a time when Chinook salmon stocks are dangerously low.

The second issue involves two rivers, the Tanana and the Selkirk, which start in northern British Columbia but enter the Pacific Ocean after a short, 60-km plunge through the Alaska peninsula. Recently, however, Canadian independent fishermen have spread small commercial fisheries on the rivers, and the

Alaskans want Canada to agree to strictly limit the number of salmon they take from them.

Obviously, the Americans are sympathetic to Canadian concerns. Said William Phillips, a legislative assistant to Alaska Governor Theodore S. Egan, the powerful Republicans who blocked the treaty. "The senator is much in favor of negotiating a conservation regime that protects the salmon stocks between our two countries." In reality, however, it is "absolutely adamant" that he will not support the treaty until Canada agrees to the two new Alaskan demands. Without his consent there is no chance that it will receive the necessary ratifications from the U.S. Senate. Said Phillips, "We hope the treaty can be fixed, but we fear there is a picture of confrontation on the Canadian side. Frankly, if it continues there could be dire results, like a salmon war."

For its part, the U.S. state department professes to be seeking, wrong with installing a treaty and then reopening it. It happens all the time, U.S. officials observe, because of the Senate's constitutional right to withhold consent on international agreements. From the Canadian point of view, that is precisely the problem. Four years ago Canada negotiated an East Coast fishing treaty with the state department, only to find later that the Senate would not ratify it.

For similar reasons the Canadians are not optimistic that the treaty will pass in the near future—if at all. —WILLIAM LOWMYER in Washington.

Manitoba's battle over bilingualism

Ever since proudly announcing last May that it would seek a constitutional amendment to have Manitoba declared an officially bilingual province, the new government of Howard Pawley has faced growing and widespread opposition. Last week the government formally introduced the amendment in the legislature and unveiled its ambitious new language policy. According to the resolution, official statutes will be translated into French by 1990 and French language services will be available in major government departments by 1987. Although the government also undertook to "persuade" municipalities to provide services in French in areas where demand warrants it, the clause is deliberately vague, leaving it up to the courts to decide what constitutes sufficient demand. The province could be required to move even faster than it intends to because of two Supreme Court cases it has lost that the outraged reaction already resembles the senescent bitterness that greeted Ottawa's bilingual initiatives of the early 1970s.

Critics say that the proposal to entrench bilingualism will take control of language policy out of the hands of legislators and give it to the courts. The chief of it, they claim, is that the province will end up with much more bilingualism than it bargains for. More than 100 municipalities, fearing they will be forced to provide services in French, have already passed resolutions opposing the changes. Civil servants, nervous about losing promotions and jobs, are preparing to fight. Roy Gary Dier, president of the Manitoba Government Employees' Association "We are doing to read the proposal like a religious agreement. We don't want to give up the federal type of bilingualism." And many members of the province's largest ethnic groups—English, Ukrainian and German—resent the special services being offered to the fourth-largest ethnic group, the 31,000 French.

To the government's embarrassment, one of the chief critics of the extraordinary proposal is 47-year-old Russell Dorn, an NDP MLA for 17 years who was public works minister in the cabinet of former premier Edward Schreyer. Dorn, who left the legislature over the issue two weeks ago, and who will vote against the resolution, and that a poll that he conducted in his Winnepeg riding shows that 83.5 per cent of his constituents are opposed to entrenched bilingualism. Dorn also pointed out that, although the government has already

spent \$5 million translating statutes into French, only 10 French documents have been ordered so far. Dorn fears that the constitutional resolution is only the "thin edge of the wedge." He said, "There are fringepeople extremists, and before long they would ask the courts to impose bilingualism in areas where it wasn't intended."

The current sensitivity over language issues is not surprising in a province that has a history of such bitter disputes. The latest conflict dates back to 1979, when the Supreme Court ruled that Manitoba had acted illegally in 1980 when it abolished French as an official language in the courts and legislature, a right guaranteed in the Manitoba Act of 1870. The Conservative government of Sterling Lyon moved to have statutes translated and to provide French language services in courts and in the legislature. But in 1984 this issue of language again came before the courts when a Winnipeg lawyer, Roger Blais, received an English-only parking ticket. Blais refused to pay the ticket and with the help of federal funds took his suit to federal court. The Supreme Court of Canada, which has argued that all Manitoba laws passed in English only after 1880 were voided.

Attorney General Roland Penner, who introduced the constitutional amendment last week with a lengthy, impassioned address, said that the government proposal may save the province from legal chaos and is a province-wide tour to spread that message. The Supreme Court was to make a ruling on the Blais case in May, but, according to Penner, the decision was postponed in light of the government initiative. Penner also pointed out that the federal government is donating \$2 million for the cost of translating statutes.

The public pressure on Pawley, nonetheless, is so great that one report he reportedly considered the possibility of permitting a "free vote" in the legislature on the constitutional resolution. But it would take the defection of only five more NDP members to defeat the motion and jeopardize Pawley's hold on his party. As Dorn said, "An election fought on the entrenchment of bilingualism in the last issue Pawley wants to fight an election on." Last week the government began a series of "information meetings" in several Manitoba cities to defuse public anger. Dorn said Manitoba has this language of the resolution "you will have done something for Canadian unity that will live long in the history books." So far, most Manitobans are not heading the message.

—PETER CARLEY GORDON in Winnipeg

Ottawa: Anyone But Bourassa

Robert Bourassa has been moving smoothly since he began his campaign to regain the leadership of the Quebec Liberal party in October. But even Bourassa's best-aid plans could go awry if the federal Liberals, who have had little love for the former premier since he scuttled the 1971 Victoria constitutional conference, get their way. Last week Quebec's political

situation carefully out of respect for those who asked us. The federal Liberals believe that by parachuting one of their own into Quebec, they would have a candidate who would put Canada ahead of Quebec. For their part, some of the Liberals—even those opposed to unbridled free-market Bourassa—resent the blatant determination of their Ottawa "cousins" to put their own man at the head of the provincial party.

Lalonde is not the first man the federal Liberals have considered for the job. In the past, Consumer and Corporate Affairs Minister Andre Ouellet approached Raymond Gendron, former finance minister under Bourassa, to run. Gendron has since become chairman of the Montreal City and District Savings Bank. Last month Prime Minister Pierre Trudeau joked in the waning of Gendron, telling him to the Ottawa barbers for the Prince and Princess of Wales, a gesture not extended to any of the other potential leadership candidates in the province. Ouellet was convinced that Gendron, who he would be running, a decision that Gendron's wife's determination that he stay out of politics.

Gendron's final refusal left the federal Liberals in disarray. None of the other potential candidates—including Daniel Johnson, son of the late premier—comes close to Bourassa's popularity with voters. In April a public opinion poll conducted by the Centre de recherches sur l'opinion publique (CROP) indicated that Bourassa's popularity is supported by 58 per cent of the electorate and 34 per cent of Liberals. Gendron then had 17 per cent support among Liberals. Johnson and federal Energy Minister Jean Chrétien had 11 per cent each. But in light of Chrétien's determination to let the federal Liberals leadership while Trudeau remains, Lalonde remains the only other Ottawa cabinet minister thought to command enough respect among Quebec voters to be a viable candidate.



Lalonde: I have not been invited

rumor will meet into overdrive when federal Finance Minister Marc Lalonde came to Montreal to meet with his provincial colleagues about the government's Six-and-Six program. Lalonde is under considerable pressure from federal Liberals to run for the Quebec leadership, which has been vacant since Claude Ryan resigned last summer.

Lalonde only refused to decline as long as rumors that he is willing to leave Ottawa. "I have not been invited to run. If I was invited, I would have to consider

the Ottawa Liberals have made no secret of their dislike of Bourassa. In May, Chrétien told a Montreal interviewer that Bourassa was too much of a Quebec nationalist, and Ouellet has reportedly said that Bourassa had his chance as leader "and he blew it." But the federal interference in the provincial leadership has created a backlash in Quebec, where even strong federalists defend the provincial party's autonomy. With more than three months to go before the convention, however, it is unlikely that the course will stop their efforts to elect anyone but Bourassa.

—ANNE BERNIER in Montreal

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A frail leader talks tough

By Michael Posner

It was, by all accounts, a blunt exchange. On one side at the Kremlin meeting room, West German Chancellor Helmut Kohl explained why his country would begin deployment of new tactical nuclear weapons in December if arms control talks in Geneva fail to produce an accord. On the other side, Soviet President Yuri Andropov, physically frail but mentally acute, delivered a stern warning about Moscow's probable response. In what was arguably the most important East-West meeting of the year, the West German and Soviet leaders faced each other across the chaises of conflicting views and neither side blinked.

Kohl, meeting reporters at the end of his three-day visit, called his talks with Andropov "very frank conversations, very direct. It was not a talk among diplomats but between two men in very clear language." As expected, he made a doublet case for NATO's planned deployment of SS-20 cruise and Pershing II missiles. These systems, he argued, are the West's answer to the Soviet Union's placement of SS-20 triple warhead missiles, many of which are targeted on Western Europe.

But Andropov, who cancelled a planned first-day meeting with Kohl for "personal reasons"—widely assumed to be medical treatment for kidney disease—pursued Kohl's threat. If the SS-20 missiles are deployed, he said, West will be on alert, reinforcements in place, Moscow would exceed its SS-20 deployment into East Germany and possibly Czechoslovakia. "The military threat for West Germany will grow manifold," Andropov warned.

Despite the tough talk, Kohl maintained that there was "rich chance to get somewhere in Geneva," as the current round of Strategic Arms Reduction Talks And West German Foreign Minister Hans-Dietrich Genscher flew to Washington Sunday to convey whatever new ideas emerged from the exchange. But the Reagan administration will be interested in more than the Kremlin's oblique hints of a new nuclear negotiating posture. One immediate concern is Andropov's health. The Soviet president had difficulty walking last week, during his meetings with the West German delegates his hands tightly—but in vain—to prevent them from trembling during a photo session. Re-



Kohl (right) Premier Mikhail Gorbachev (left) and official of Moscow airport, stand talk.

able Soviet sources say that the 69-year-old party leader, who succeeded Leonid Brezhnev last November, suffers from diabetes and weak kidneys, requiring weekly treatment on a dialysis machine.

Although Kohl and other Western visitors have been impressed by Andropov's intelligence and grasp of complex issues, there have been private fears that his reign in the Kremlin may not be a long one. Already, Western Kremlinologists are studying the Politburo lineup for a probable successor. The youngest member, Mikhail Gorbachev, 52, is the current favorite. Gorbachev has been given an increasingly high profile since Andropov succeeded Brezhnev, and he is one of only four Politburo members who hold positions of power on the Central Executive's Secretariat. On the

other hand, if kidney malfunction is in fact Andropov's principal disability, dialysis could sustain him for years. At any rate, the Soviet leader evidently felt well enough to accept Kohl's overture for a return visit to Bonn, the date, however, was not set.

Another subject on which Washington planned to grill Genscher in the prospect of a Reagan-Andropov summit. Kohl had asked for and received Reagan's consent to breach the subject. According to the chancellor's spokesman, Peter Bönisch, Andropov indicated a willingness to hold such a meeting, provided it is carefully prepared. Stripped of its diplomatic gloss, the basic message is that Moscow, as much as Washington, wants to guarantee that any summit will produce an accord. Northern Reagan, expected to announce his

Andropov a party



Andropov a party

re-shuffle. Mid-late this year, says Andropov, still considering power inside the Kremlin, his risk factors. Some observers have noted a recent thaw in the otherwise chilly superpower dialogue. They cite the reopening of long-term grain negotiations, a conference at Madrid in the Conference on Security and Co-operation in Europe that is winding up and some modest movement on talks in Vienna aimed at reducing NATO and Warsaw Pact conventional forces. But both capitals know that these are the sideshows. The main focus remains the separate theater and strategic arms negotiations in Geneva, and neither side is publicly optimistic.

Still, Kohl was not the only Western visitor in Moscow last week. Eleven-year-old Samantha Smith, a Maine schoolgirl who has corresponded with Andropov, was in the Soviet capital, and a 10-member congressional delegation led by Republican Thomas Foley of Washington held a series of meetings with top Soviet officials, the first such bilateral sessions in almost four years. According to one participant, New York Democrat Tom Sawyer, senior Soviet military chief Marshal Sergei Akhromeev suggested that the Kremlin would be prepared to negotiate a theater nuclear weapons pact along the lines of the abortive 1986 "walk in the woods" proposal. That plan, informally discussed by the chief Soviet and U.S. negotiators during an afternoon stroll in the Geneva woods, would have seen the Soviet Union reduce its SS-20 force to about 75 systems. In return, NATO would have deployed a similar number of cruise weapons, but canceled the more destabilizing Pershing II. Both parties subsequently rejected the formula, but Sawyer quoted Akhromeev as saying, "If such a proposal is offered again, it will be seriously negotiated."

Still, Andropov's blunt language contained few hints of cooperation. With a frankness seldom seen in diplomatic discussions, Moscow and Bonn traded sharp words last week both on the SS-20 deployment and on West German hopes for reunification—a subject not usually raised by foreigners inside the Kremlin. At his Moscow news conference, Kohl also referred directly to the Soviet presence in Afghanistan and to Poland's aspirations for free labor unions. Soviet journalists, reportedly stunned by the chancellor's forthrightness, in turn ignored tradition and criticized Bonn's policies openly.

Despite the front, as an interim mediator for Washington and Moscow, Kohl's direct approach was probably the best one. As both Reagan and Andropov begin to weigh the results they may see that the summit talks seems little room for misinterpretation.

With correspondence files.

THE MIDDLE EAST

Shultz: a futile side trip

Even U.S. Secretary of State George Shultz was reportedly opposed to the attempt, arguing that it was doomed to fail. But he could hardly say so when President Ronald Reagan telephoned him in Pakistan to ask if he would interrupt his Far East swing to fly to Syria to salvage Reagan's policy of securing withdrawal of foreign forces from Lebanon. Last

increased last week by statements from Jerusalem. The Israeli government made it clear that it would go ahead with a limited, one-day withdrawal in order to reduce the high casualty figure of recent months. But a spokesman stressed that Israel had U.S. support for its continued presence in Lebanon, if the Syrians refused to leave, and was prepared to stay on "for many years."



Shultz arriving in Damascus. No big deal?

week, however, Shultz's reservations were well-founded. His six-day tour would only to highlight the stalemate. The focus of Shultz's efforts was Syria, which has balked at entering withdrawal talks. But Syrian President Hafez al-Assad's message during a five-hour tête-à-tête with Shultz was a refusal to reconsider his stance. According to Assad, Israel's agreement with Lebanon to pull out its troops is "even worse than the Camp David accord."

In fact, the only matter on which Assad and Shultz did agree was that the secretary of state's visit had reopened a dialogue between the two countries—a working group will continue the relationship. However, Shultz shrugged that off as "no big deal," and his tour ended in fuel fears that the chance of progress might lead to the partitioning of Lebanon.

Analyses at that score were further

Damascus stopover was evident in the state media, which did not mention the visit until Shultz had left. One explanation was that Shultz, in his own words, had no "basket of things to offer or anything like that." Instead, he had relied out to advance any conciliatory on the strategic Golan Heights, seized by Israel during the 1967 war, though Syria is believed to have made willingness to consider the question a primary condition for participating in the talks.

Still, Washington had to try Shultz made it appear that the Syrians, not the Reagan administration, were responsible for the breakdown. However, that did not seem to worry Assad.

The Syrian regime appears to be willing to engage in dialogue on the three of the key issues in the region: the Lebanese crisis, the 1945 meeting and the broader Arab-Israeli peace proposals.

As Shultz made his shortest mission to Damascus, PLO Chairman Yasser Arafat also launched a six-day effort to end his feud with the Assad-backed PLO dissidents within his Syrian faction. But a negotiating team that Arafat dispatched to Syria returned after four days empty-handed, despite a series of conciliatory moves at appearing those powerful signs of his leadership of the PLO.

At week's end the most likely outcome seemed to be a reshaping of the political map, with Syria as the new state. There was also growing speculation that with the Israeli and Syrian extraction, as the Syrian and the physical progress would soon be redrawing the 69-year-old nation of Lebanon.

—BRIAN WRIGHT in Beirut



Falls inspecting the Royal Guard in London, June (below), before and Canadian soldiers at NATO headquarters

NATO

Fallout from the Falls affair

Embarrassed Canadian officials were snarling last week over the fallout from a controversial interview given by Admiral Robert Fallow before his July 1 retirement as chairman of NATO's military committee. The mid-June interview in *The Western World*, a newsletter dealing with Western security, reportedly brought demands from two NATO delegations for Fallow's immediate dismissal and earned him a personal reprimand from an angry NATO Secretary-General Joseph Loefer. It also received criticism in some NATO circles of Canada's financial and military contributions to the alliance. Currently Ottawa spends one per cent of its gross national product on NATO, compared with an average of 4.2 per cent by other members and a United States-suggested overall target of three per cent in real terms.

Fallow's name, in NATO eyes, was to tell *The Western World* that the West had more nuclear weapons than it needed and could unilaterally reduce the number without sacrificing the essential deterrent function of its nuclear arsenal. Later in the interview, he expanded that view by acknowledging that NATO member governments were responsible for deciding whether it was necessary to deploy theatre nuclear weapons like the controversial cruise and Pershing II missiles. But, according to Fallow, the West "could have single deterrence with fewer nuclear weapons than it has now." The current debate on deployment, said Fallow, had "greatly over-

looked" the enormous deterrent potential of the West's sea-launched missiles. If that system was adequately understood, the supposed need for new and costly ground- and air-launched missiles might be assessed differently.

Fallow was careful to qualify his remarks when he stressed that the West needed nuclear weapons as a deterrent. But his remarks reportedly prompted West Germany and another NATO delegation—not identified by NATO sources last week—to demand Fallow's dismissal even though his tenure had only days to run. Then, when a follow-up interview with the admiral appeared in the June 21 issue of the *International Herald Tribune*, Loefer "let the cat out of the bag." He issued a public statement denouncing NATO from Fallow's view and pointedly noted the admiral's impending retirement date. Then he sent Fallow a written reprimand, described by one NATO official as "not the kind of thing you would expect in a diplomatic surroundings."

What clearly riled Fallow's NATO colleagues was the obvious inference to be drawn from the admiral's words: that NATO's 1979 decision to station cruise and Pershing II missiles in Europe was taken for political rather than military reasons. Moreover, Fallow gave the interview at a critical moment, just as West German Chancellor Helmut Kohl was

about to present a united Western front to Moscow in an attempt to win concessions in the nuclear arms reduction talks in Geneva.

Discussing Fallow's "indiscretion" last week, NATO officials said that he had been "politically awoken" in speak his mind. Said one "He's not a fool for thinking it, only for saying it." While Fallow could not be reached last week, Canadian NATO delegates were understandably eager to put the whole episode behind them. But one senior Canadian diplomat confirmed last week that he had been "personally hurt" by Loefer's reference to the admiral's retirement date. The incident is not the only setback the Canadian delegation has had so far.

The Falls interview has led to a new groundswell of criticism of Canada's NATO commitment. That criticism last came to a head in May at a two-day "shock-rock" attended by 44 NATO ambassadors—including Canada's C. P. Taylor. In a discussion of NATO's financial problems, Robert Kerner, a former Pentagon adviser, turned directly to Fallow, according to journalists present at the time, delivered "Everybody knows Canada has been getting a free ride for years."

Recalling the incident last week, Taylor recalled there was "no connection whatsoever" between Kerner's criticisms and Fallow's tumble from grace. However, the fallout from the Falls affair seems destined to linger longer than either Ottawa's or the admiral's self would prefer.

—PETER LEVITS in Brussels



THE UNITED STATES

'Debategate' hits the Reaganites

With two teams of Federal Bureau of Investigation probes, one congressional committee and the Washington press corps pursuing the story, "Debategate"—or how President Ronald Reagan's 1980 campaign staff laid hands on some key Carter strategy papers—last week blew up into the administration's most damaging political scandal yet. The initial revelations suggest staffers had used a copy of Carter's briefing book for the decisive television debate of 1980 had triggered allegations of a far wider pattern of political espionage by the Reagan team. And the bickering among White House staffers over who is responsible for obtaining Carter papers threatens to divide the *freemason* White House staff more severely than ever.

Central Intelligence Agency Director William J. Casey fired the opening gun in last week's barrage of charges and disclosures. Earlier, White House Chief of Staff James Baker accused Casey of stealing a boxed booklet on Carter's debate strategy to the group behind Reagan. Casey denied that charge as "uncharacteristic and quite incredible." Read Casey "After being involved in seven presidential campaigns, I know that is dynamic. It could have destroyed the campaign." Casey stopped just short of calling Baker a traitor, stating that "Jim Baker is mistaken." But he was at pains to insist that Baker's staff was "fully debriefed" and responsible for its own actions. Casey added: "I think the debate team was re-miss in not bringing to me and to the campaign strategy group the fact that they were using Carter's materials. Somebody should have recognized the danger."

A series of leaks about other political espionage efforts by Reagan's campaign group was even more damaging than the open dispute between Casey and Baker over the debate book. Richard Allen, Reagan's former national security adviser, told a television interviewer that he had removed "unclassified" and "unclassified" material from a member of Carter's National Security Council.

Meanwhile, embittered White House sources told *The New York Times* that the Reagan camp had run a full-scale intelligence operation on Carter foreign policy. The operation was staffed by some retired CIA agents and headed by Stefan Halper, then a campaign aide, later a deputy director of the state department's Bureau of Public-Military Affairs. He is now chairman of a Wash-



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GUATEMALA

Menacing push from the right

For Guatemala's besieged president, Gen. Efraín Ríos Montt, the sudden resurgence in extremist violence and disorder had come too close to home. Last week a presidential spokesman revealed that four persons had kidnapped Ríos Montt's sister on June 29, the same day an extreme right-wing army officer attempted a coup not revealed, but the style of the attack suggested that it was the work of leftist rebels. Still, it was the greater threat posed by army hard-liners that pre-



Maldonado (left), Montt and González: a new political situation between left and right

ceded the Guatemalan president. On the same day the kidnapping troops surrounded the presidential palace in Guatemala City, and the 56-year-old president was forced to enter busy negotiations with members of his own military team. After their meeting, Ríos Montt appeared to have defeated the challenge and during his weekly televised religious sermon he drew home the point: "Some highly influential people had predicted I would not speak to you today," Ríos Montt told his viewers, breaking into a triumphant grin.

But despite his confident bearing, members of his military's extreme right wing had clearly gained the upper hand in the government. Angered by increasingly defiant criticism from officials

faced his worst crisis yet and survived," noted one Western diplomat. "But you would have to be a fool to break the situation is stable."

Details of what transpired during the June 29 confrontation are sketchy. However, it is clear that two key collaborators in the March 1982 coup, which brought Ríos Montt to power, have abandoned him. One, Col. Francisco González, announced that he is going "underground" to fight the president. Other right-wing officers notified troops in the capital and in provincial centers. As part of his concession, Ríos Montt agreed to defend his Council of Ministers, a body representing the "progressive" elements in the military. He also fired 50 officers from government posts who had been allied with his Pre-

sident's, the Christian Church of the Word.

The move was a clear victory for ultraconservatives and a blow to political separatists. Alejandro Maldonado, leader of the National Resistance Party, now doubts the president's ability to promote the nation's long-awaited return to civilian rule in elections slated for July 28, 1984. Ríos Montt and his allies have "lost the great opportunity they had at the time of the coup, when there was real popular support and hope for change," claims Maldonado. In Maldonado's view, the coup attempt had produced a "reassertion of hegemony," with senior officers regaining their traditional prerogatives at once.

But last week an equally chilling result of the failed coup seemed to be the reappearance of the death squads. Before Ríos Montt overthrew President Fernando Luján García last year, Guatemala's southern agricultural district was the scene of hundreds of murders each year, most of them attributed to death squad activities. When Ríos Montt came to power, the killings all but stopped. But last week more than 19 bodies were found under bridges and along roadsides, prompting one local priest to suggest that Ríos Montt's concessions to the far right had spurred the new killings. Said a shocked plantation administrator: "The victims were humble people. To kill them like that is the purest criminality."

The military government's rightward lurch appears to signal a new polarization of left and right. Because of the president's ruthless but successful counterinsurgency program—more than 1,000 rebels have been reported killed—leftist guerrilla activity has dwindled in recent months. And with the country apparently nearing peace elections, many Guatemalans threw their support behind the politicians. But the current state of siege has ended the possibility of an early vote, while death squad assassinations may create a new surge of recruits joining the guerrillas.

Despite his concessions to the hard-liners, Ríos Montt's own future seems in doubt. "The fact that Ríos Montt is still on top does not necessarily mean the struggle is over," said one former resident in Guatemala City. Indeed, he noted that God called on him alone to lead the nation may preclude any further willingness to negotiate with its military rivals. With the ultraright on the ascendancy again, the retired brigadier-general may soon follow his presidential predecessors into political oblivion.

—WILLIAM QUINN JR.
in Guatemala City

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Mitterrand cancels the party



Chirac with cantankerous marmite (above); Mitterrand's end of a Socialist dream

Mitterrand Mayor Jean Digneau discovered after Expo 67 that a world's fair can be a political football as well as a celebration of national pride. Last week French President François Mitterrand became the latest politician to prove the truth of that dictum, but this time before the fact. A tactical opposition play ended Mitterrand's private dream of an Expo 89 to celebrate both the 200th anniversary of the French Revolution and his own Socialist government's achievements. After going along with the project for two years, Paris Mayor Jacques Chirac, the country's *de facto* Opposition leader, suddenly refused to throw the capital's muscle behind it. And as Mitterrand cancelled the project, the government can now be seen rejecting red-baiting from a two-fronted battle: policy. Said the *Paris daily Libération*: "They have again given the appearance of united businessmen as an irony cover, offering foreigners a new reason to make fun of us."

Ironically, the idea for a world's fair began with the death of Chirac's own Neo-Gaullist party, Marcel Dassault, the 66-year-old founder of the aircraft

firm that makes Mirage military jets. But, after sweeping into office two years ago, Mitterrand took the side up as his own. With trademark levity, he dubbed it "a project for the third millennium" and promised—just as the revolution's anniversary fair had given France the Eiffel Tower—a showcase for lofty social ideals and his regime's high technology push. A study was ordered from Gilbert Tragnou, the exiled founder of the Club Mitterrand's nuclear empire, when Mitterrand had appointed as his own commissioner-general.

Tragnou's lavish preliminary plan called for a two-part site straddling opposite sides of the Seine. In turn, that entitled an elaborate floor cleanup, the construction of gigantic floating platforms, a new six-kilometre and a flotilla of high-speed ferries to shuttle the anticipated 65 million visitors back and forth.

Twice Chirac promised the capital's support for the scheme, which gained the international Espadon-Bureau's support over rival bids from Chicago and Spain's Seville, which were awarded consultation dates in 1988 to

celebrate the 500th anniversary of Columbus' discovery of America. But, in recent months, as open warfare broke out between the Elysée Palace and Chirac's city hall, the mayor's support cooled. And in a calculated act of sabotage last week, Chirac and his regional supporters refused to give their consent to the fair. They argued that it would cost \$800 million—four times the government estimate and almost twice Montreal's. They also maintained that it would disrupt the capital's traffic for four years and might necessitate a new Expo levy which would add significantly to France's already heavy tax burden. As evidence of the Socialist dream, Chirac declared that Canadians were still paying for Montreal's Expo 87 (Montreal will retire the remaining \$6 million of its debt in 1989).

Two days later, a rowdy Tragnou advised Mitterrand that it would be impossible to go ahead without the capital's co-operation. However, nothing in French politics is ever quite what it seems, and there are indications that Mitterrand was secretly content to abandon the project in view of France's deepening economic woes. The announcement of the cancellation came within days of an address by Prime Minister Pierre Mauroy that the government's austerity plan would continue into 1989, a clear signal that his April anti-inflation package has failed to halt the slide. Mauroy warned that further tax proposals are in the pipeline.

Chirac's about-face also gave the government a passport for the cancellation. In his tight-lipped announcement, presidential spokesman Michel Vauzelle put the blame squarely on the Neo-Gaullist leader, and Socialist parliamentarians denounced the mayor's "opportunism." The government was also careful to link parts of Tragnou's detailed rebuttal of the opposition's charges that the fair would disrupt Parisian daily lives. Tragnou had proposed staggering fair and business hours, and to meet an estimated shortage of 10,000 hotel rooms he had suggested that visitors book in, Chirac's words, "Neo-Politan." Each hint would have given a competitor. However, the chief effect of the debate was to highlight the Socialist deteriorating relations with an opposition that Mauroy recently accused of "treasonous dissension."

In cruise boats to the dispute, an exhibition dealing with past world fairs opened last week at the Musée des Arts Décoratifs. Originally intended to coincide with progress on Expo 88, it relates the transatlantic controversies of 1893-94. The irony, of course, lies in the fact that, despite the wrangling, those world fairs did take place.

—NARCI McDONALD in Paris.

OBITUARY

Thinker of the unthinkable

It was 22 years ago when Herman Kahn founded the Hudson Institute, a private, nonprofit centre for research in Chatham-on-Hudson, N.Y. As he pursued his speculations by developing nuclear strategies and projecting scenarios for the future, he quickly developed an international reputation as one of the most brilliant minds in the United States. But while many of his contemporaries believed that the world was going to hell in a hand basket, Kahn, ever the optimist, continually disagreed. "Aggregate global and U.S. trends are improving rather than deteriorating," the celebrated futurist told a recent conference in Detroit just last May.

The tall, bearded intellectual, a dominating presence at more than 300 lb, died last week at his home in Chappaqua, N.Y., of a heart attack, at the age of 65. He rose to national prominence in 1966 with the publication of his first book, *On Thermonuclear War*, an analysis of how nuclear war was becoming a distant possibility.

Yet Kahn did not believe that nuclear war would lead to the annihilation of the human race. In subsequent books, including *Thinking About the Unthinkable* and *On Escalation: Metaphors and Scenarios*, Kahn buttressed his optimism by encouraging arms control and negotiations on disarmament. Yet he was criticized in later years for his support of the Vietnam War and his attacks on the "limits to growth" conservationist stance of many of his contemporaries. His most celebrated contact with Canada came a decade ago when he suggested that northern Alberta should be put under military law and that thousands of Karasans should be exported to dig out the Athabasca tar sands with shovels.

Kahn began his career in the late 1930s as a physicist and mathematician for aviation companies and the RAND Corp., a California-based research centre. It was with the scientific feeling that he attempted to describe, in careful prose, the fate of the world before it actually ended.

—CAROL BRIDGMAN in Toronto.



Herman Kahn



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Mo'Nique, Gretzky: sweet, toothy love song

From her life is the shadow of superstar boyfriend Wayne Gretzky, 31-year-old singer and model Mo'Nique has pressed on with a career that could make her a star in her own right. Mo'Nique has recorded a new single called *Never Stop Dn*, a sweet, toothy adult love song, with Edmonia songwriting Tim Pankas, lead singer with the Edmonia group Positione. "It has been both an advantage and a disadvantage going out with Wayne," said Mo'Nique. "I have been an established singer in Edmonia for a while, but people are now asking 'You if I can really sing.' In fact, Mo'Nique turned professional when she was 17. Since then she has worked with *Home* and *Home* and she opened *Bob Hope's* show in Reno, Nev., last year. Mo'Nique has style to *Bette Midler's*. "She has a lot of guts and tells I don't care that drive is me as well. I kinda release all my energies onstage." She hopes her new single will eventually lead to a hit album, but it may still be some time before people describe Mo'Nique 39 as "Vickie Moore's boyfriend."

John in Birmingham, England, was so scarce in 1970 that Tennessee (A-100) Wilson, 36, as Campbell, 34, and most of their peers had never been employed. Musically entranced though they were, Astris and Campbell, along with six mates, taught themselves to play and formed what has become one of Britain's most popular reggae bands. Taking its name from the familiar British unemployment insurance form, *UNED* has turned out to be a most suc-

cessive form of job creation. The multi-racial ensemble now has several best-selling albums and a string of Top 10 hits at home—(U.S.) on the air are over. Their newly formed record company, a recording studio and a North American tour featuring a performance at the prestigious Montreal Jazz Festival last week are proof enough. "We had to make a go of it," insists Astris. "Either that," he adds, "or we would have turned to a life of crime."

Tennis like Jays picking out *Dave Stieb*, 25, just wants to play baseball, so starting pitcher for the American League All-Star team last



week, he proved just how well he does it. Before a sellout crowd of 48,000 at Chicago's Comiskey Park, Stieb pitched the American League to its first victory against the National League since 1971. Despite a three-game slump with the Jays and a rocky start in the 19th annual All-Star classic, the right-hander finished his three innings with no hits or earned runs, paving the way for a punchy 13-5 victory for the underdog American League. "The first inning was typical of my early-season games," said Stieb. "I got in some big jams but was able to get out of them. Usually I don't get out of it with three strikeouts though." Added the three-time All-Star: "I can't remember a time I have felt more proud. It was a great accomplishment for me and for the American League."

Stieb (above), Vander Zalm: orange and black would probably make them suffer.



When British Columbia's former minister of education *Vander Zalm*, 46, announced an April Fool's Day that he was taking a "subliminal" from provincial politics, pundits predicted that the controversial *Scored* might not be back—warring party leader *William Bennett's* show. But a *Scored* rant cemented Bennett's grip on the party and cast the ambitious Vander Zalm (no unexpected silliness. Now, the author of the *Northwest Guardian's* *Shimmer* has found another way to keep his name before the public—as the weekend gardening columnist for *The Vancouver Sun*. Writing a chatty weekly feature is a far-sight for the shoot-from-the-hip ex-minister.

In 1990 Vander Zalm and Victoria cartoonist *Bob Siemsen* over a drawing that showed a minister plucking his wings off flies. The B.C. Court of Appeals ruled that the cartoon was indeed "too accurate." Vander Zalm appreciates the irony of his new position. "To get a paycheck from the *Sun* rather than a whole lot of fish weeks after work around like a pleasant switch," he said. "So far I haven't missed politics one little bit." But the would-be party voice still exhibited a certain bias when complaining the potential of a gardening column. "I could tell people that the [Scored] colors of red, white and blue would help them grow, while orange and black [the *Scored* trademark] would probably make the poor things suffer." ☐



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The recovery takes shape



House building in Ontario, Canada: a steady upturn is under way, but will it last?

By James Fleming

The meeting was hastily planned, poorly attended and, as most participants agreed, amounted to a simple exercise in public posturing. When federal Finance Minister Martin Lacombe gathered with his provincial counterparts—or their stand-ins—for a one-day summit on the economy in Montreal last week, little of substance was discussed. Complained Quebec's Jacques Parizeau: "In all my years of attending such events, I have never seen the equivalent waste of time." Despite the apparent irrelevance of the meeting, however, the ministers shared a nagging worry as they discussed generally about the slowly recovering economy: will it last?

Like most Canadians, the politicians have watched the agonizingly uneven turnaround with trepidation and hope. Now that the recovery is undeniably in progress, the doubts fed by almost two years of economic hardship are not easy to shake. Chief among those worries is interest rates that have not failed to keep pace with inflation, producing historically high "real" interest rates. And one federal official: "The biggest fear of the politicians—the thing they won't discuss publicly—is interest rates." In fact, the prospect that real interest rates will stay at unprecedented lev-

els—or worse, rise in the coming months—is the foremost of several major threats to the recovery now under way.

Nothing less than the nation's long-term health is at stake. Sparked by the already substantial drop in the cost of money in recent months, as upturns in taking hold in varying degrees in Canada and around the world. So far, the optimism is spelled out on computer printouts, crisscrossed with arcane summaries of leading indicators. But it has also taken tangible form in auto and appliance showrooms and on factory assembly lines and residential construction sites. Throughout North America and abroad, businesses and consumers are gradually regaining the confidence they lost during the 18-month recession.

Whether or not the rejuvenation will last, however, is a major question. Interest rates are the rate factor behind (if not the cause of) optimism. With inflation at 5.4 per cent and interest rates of 11 per cent, the 5.6-point spread is the largest in history. It would defy all economic theory, troubled experts admit, if the confidence boost of money did not eventually seep out a lasting revival. Yet the prospect of lowering rates concerns monetary authorities, who fear that such action would reignite inflation. There are other troubling spectres. One is the possibility that the

unrelated housing crisis in the Third World might force developing countries to shun their debts. That, in turn, could lead to the collapse of their major lenders, the multinational banks, and thereby cripple the recovery. Another obstacle to economic growth in the long term is the rising saga of international trade protectionism. Not for Canada, whose productivity has lagged seriously behind that of its trading partners, free trade alone poses a serious challenge: how to meet increasing competition for world markets. But now the most pressing issue is whether the nascent recovery will last. Warns Thomas Snowell, chief economist with the Con-



Finance Board of Canada: "What's cooking now is a one-shot deal." The real question, he adds, is whether the credit rebound now under way will be translated into a sustained recovery.

There is no doubt that the world economy has been rejuvenated after the lull that it reached in 1982. The spark behind the upturn was a decision in mid-1982 by U.S. Federal Reserve Board Chairman Paul Volcker to pull back on the levers of monetary restraint. As a result, the money supply expanded—at a 16-per-cent annual rate—and prime interest rates dropped in the United States from a high of 20.5 per cent in September 1981 to last week's 10.5 per cent. Although many

people feel that it still too high, the reduction did its work: the sign that the U.S. economy is recovering are indisputable. Housing starts, a traditional barometer of the strength of any recovery, showed a strong three-per-cent gain in May. The surge is spreading to other sectors as well. Industrial orders, purchasing and employment have risen. Auto sales, which Detroit had expected to rise at an annual 15-per-cent rate, are actually rising by 20 per cent. But the greatest joy in the U.S. economy is in the retail sector. It has seen a 21-per-cent rise over last year—and the same trend has been reflected in Canada. Albert Swenson, chief economist of the U.S. Conference Board, sees more than a recovery, he sees a boom. Nothing that "retail trade has targeted decisively, powerfully, maybe explosively, upward." Somers said that many forecasts are only now beginning to come to grips with the size of the boom.

President Ronald Reagan is a belated

this year. A battery of prestigious think tanks all predict record exports for Japan, a steady growth in GDP of between three and four per cent and continuing low inflation of less than three per cent.

In Canada the signs of a budding recovery also have proliferated since the first quarter of the year. At last, some optimism has been restored after the painful experience of 1982. This, however, consumers headed away as unprecedented 14 per cent of their income in savings and funds that they, too, could lose their jobs. Furthermore, in Canada, have emerged hesitantly from a mood of pessimism after suffering a record 10,555 bankruptcies during 1982. Planning sales and vanishing profits. In total, the nation's GNP shrank by 4.4 per cent last year, the worst contraction among industrialized nations in the 20-month period.

By contrast, during the first quarter of 1983, Canada's GNP rose in real terms by an annual rate of 7.3 per cent. In the consumer sector the main progress has been in durable goods, particularly automobiles, which had a 21-per-cent jump in sales. At the same time, appliances sales rose by 14.7 per cent in the first four months of 1983 over the same period in 1982. Housing starts also began an upward march in the first five months of 1983, reaching a 206,000 annual rate in May, though the pace slackened in June to 180,000.

There has been other refreshing news on the industrial front. After a seasons liquidation of business inventories in the first months of 1983, the first three months of 1983 saw a one-per-cent increase in industrial production. Business profits too recovered from the terrible performance during the 18-month

long recession when they dropped 45.7 per cent. In fact, between January and March they rose by 22.6 per cent.

While computer networks dispelled the lingering pessimism, evidence that the nation's stock markets heralded the recovery is a much more dramatic way. Since August, when the exchanges first gazed skeptical squints by staging a turnaround, Canadian markets, like their international counterparts, have moved upward. Last month the Toronto Stock Exchange completed its best 10-month surge in 50 years. The TSX 300 composite rose from 2365.8 in June, 1982, to 3439.0 on June 29 this year, a 77.9-per-cent hike. And while the value of Canadian stocks (listed on the TSX) jumped by \$70.45 billion in the period, thanks to the Vancouver Exchange increased by \$304 million, and those on the Montreal Stock Exchange by \$274.6 million.

But while euphoria dominates the stock market and leading indicators continue to be upbeat, key sectors in the economy are still waiting to take part in the celebration. Gilbert Knaus, chairman of the British Columbia-based lumber giant MacMillan Bloedel Ltd., is not very impressed by talk of an upturn. "Outside housing, as far as our industry is concerned," he says, "the recovery is still very fragile." Indeed, while the North American housing boom has boosted demand for lumber, the market for other forest products remains stagnant. As for a worldwide demand for pulp, he concedes, says Knaus, "it appears that the worst is over, but there are no signs of recovery yet. In newspaper, which is a major product of Eastern Canada, the conditions are still very depressed because of very substantial worldwide overcapacity."

Appliance showroom: gradually consumers are emerging from a mood of despair.



JOE COOPER



COVER

When economies also have little cause for relief. Says Alfred Power, chairman of Toronto-based Noranda Mines Ltd. "Everybody talks about this recovery, but we haven't seen it yet." Although prices for copper and zinc, which are used in cars and houses, are improving as a whole, he cautions that demand remains very soft. The oil and gas industry is also more uncertain. Planning world oil prices have left the industry in Western Canada in an anxious mood. But in Nova Scotia, where a flurry of offshore exploration is expected this year, consumers are already sensing the spin-off effects. Says Gordon Burnham, executive vice-president of the Halifax Board of Trade: "You can almost feel the attitude about the economy change. People are suddenly optimistic again."

And while manufacturers have felt the effects of increased demand for durable goods in particular, the nation's textile makers remain skeptical. Says Raymond Chevre, president of the textile group for Montreal-based Canseco Canada Inc. "We have seen a rebound in sales of polyester, especially for industrial uses, but certain segments are weak, such as broad woven polyester fabrics used in apparel."

Despite such problems, federal politicians choose to emphasize the recovery's strengths. At Prime Minister Pierre Trudeau recently put it in a nationwide broadcast: "We are passing from recession to restored prosperity. Our country is moving forward again. But economists are skeptical about claims by the federal government that its tax-and-fine restraint program was mainly responsible for the ending of in-

flation—in May consumer prices were only 5.4 per cent higher than in May last year. If the government is responsible for the drop in inflation from a peak of 18.7 per cent in 1981, it is not because wage gains were held down last year but mainly because Ottawa joined U.S. authorities in tightening the money supply. Prime interest rates in Canada rose to 20.5 per cent in August, 1981, before dropping to 11 per cent last week. What is more, the social costs of the contraction have been difficult to quantify, although an unemployment rate of 12.2 per cent is the worst of all indicators. Says Wendy Dobson, executive director of the C.D. Howe Institute

Ottawa: but unemployment persists



Chevier (left) and Knudsen: key industries are still cutting losses

"While great progress was made on inflation during the downturn, the cost was very high in human terms, in productivity capacity that was not put to use and in bankruptcies."

Indeed, with 15 million people unemployed in Canada, it is all the more crucial that the current cyclical recovery be sustained in coming years. But the threats to its durability are troubling. According to Michael McCracken, president of International Ltd., an Ottawa-based forecasting firm, interest rates are still too high for many would-be borrowers. Says McCracken: "Interest rates should be two percentage points lower, but they won't move down unless inflation is further reduced."

The Confusion Board's Maxwell is more blunt. "Economists are too bloody rational," he says. "They sit there and say what really counts is the difference between interest rates and inflation." What people don't recognize, he adds, is that there is a lag in perception. "Right now," he says, "the household is comparing a 12-per-cent mortgage rate to the 18-per-cent rate he was carrying a year ago. After a while he will realize that 12 per cent hurts when his wages are only rising by five per cent." When that realization sinks in, consumer confidence and spending will contract, says Maxwell. The main threat to the recovery, he asserts, is real interest rates. "If they don't come down, you won't see a sustained recovery." On that score Maxwell is pessimistic. Interest rates are not likely to fall, he predicts, because the financial community believes that any stimulus now, which would be reflected in higher government deficits or

in the rapid growth of the money supply, will result in future inflation.

In fact, most financial experts expect interest rates to stabilize in the coming months as Volcker coaxes the U.S. recovery along. But there is another major incentive for Volcker not to let the end of money-ism the monetary money crisis faced by the developing world. While the debt problems of Argentina, Brazil and Mexico are the main concern, at least 34 nations have reached, or are in the process of reaching, payments in their foreign debt. At stake is the solvency of some of the world's largest banks, particularly those in the United States that have extended the lion's share of credit. If several developing nations refuse to pay off their debts, widespread bank failures would follow. That, in turn, could shut the recovery. "Failure to manage and diffuse these strains could deal a serious blow to the recovery of the United States and the world economy."

In the longer term there are other obstacles to world economic growth. During the recent recession, for instance, the value of world trade dropped to the levels of 1979. At the same time, protectionist measures, including tariffs, voluntary export restrictions and state subsidies for struggling industries, have proliferated. The industrial nations have spared over-trade barriers in everything from agriculture to sales and

high-technology products. And last week a bitter new war erupted when President Reagan announced a four-year program of tariffs and import quotas to aid domestic specialty steel manufacturers. That move brought immediate condemnation from the European Community, whose officials said that it would affect exports worth \$500 million a year and seriously damage Europe's beleaguered steel industry.

While protectionism has become a growing menace to the growth of world trade, the alternative—a move to even freer trade, as the General Agreement on Tariffs and Trade would have it—also poses a major challenge for the industrialized nations. Canada, in particular, must deal with a productivity crisis that, if left unresolved, will cripple its ability to compete for world markets. The extent of that crisis was made clear last month by the Economic Council of Canada. In its report, *The Bottom Line: Technology, Trade and Income Growth*, the council warned: "Productivity has not grown in Canada for eight years now. That situation is unprecedented, and potentially disastrous for living-standards growth." While productivity, as measured by output per worker, advanced between 1960 and 1970 at an annual rate of 2.6 per cent, from 1972 to 1981 average productivity growth was zero. The council dismisses the notion, however, that the fault lies with lay or unproductive workers. The blame rests, it says, with protective trade barriers and the use of subsidized equipment by industry.

Former Federal Minister of Development Minister Donald Johnston largely agrees with the council's diagnosis. Workers

are not the cause of poor productivity. "Our people are just as good as anybody else," he says. "Our productivity must be improved," he adds, "by making sure that we are able to create a greater diffusion of emerging technologies through Canadian industries to allow them to become more versatile and profitable." People tend to look to the future in such areas as telecommunications and computer terminals, says Johnston. "We are fairly strong in those areas," he concludes. "Where we must be even stronger is in using the latest technology in our traditional industries—fishing, farming and forestry."

In the United States a debate is growing over whether the government should adopt an overall industrial policy, a grand design that specifies which industries to promote for the global competition and which to let die. This is necessary, argue a growing number of politicians, so that the United States is not left behind in the economic race with Japan and the Western European nations, which have industrial policies already in place. But Johnston cautions that such a policy is politically unpopular. His aim is to develop "framework policies which allow Canadian industries to respond to market challenges. They shouldn't be handed down like tablets."

How Ottawa moves to fix the nation's productivity growth will have a major impact on the long-term prosperity of Canadians. But new they face a much more immediate task. Canadians, says Dobson, "are one of the most important economic challenges since the 1930s. That challenge is to restore productivity growth. But changing it says, is to discover how Canada got itself into such difficult times. While Dobson places much of the responsibility for Canada's troubles on outdated government policy, economists also have responsibility. "The factors we have to do with how expectations are formed, what we can pay ourselves and of what the economy is capable of delivering." If the money crisis lasts long enough, Canada may be as a caution to take Johnston's advice. Until then, their fate rests largely in the hands of politicians who must cope with intense pressure from the international debt crisis and growing trade protectionism. How these issues are dealt with will determine whether or not the current upswing will be a lasting one.

With Carol Branson in Toronto, Mary Joann in Ottawa, Neil Lewis in Washington, Peter Lewis in Brussels and Peter McGill in Tokyo.

Leading indicators



PERSONAL SAVINGS RATE — 1982
BANK RATE —
INFLATION

With Carol Branson in Toronto, Mary Joann in Ottawa, Neil Lewis in Washington, Peter Lewis in Brussels and Peter McGill in Tokyo.



Volcker, protesting Quebec civil servants: neither monetarism nor the recession was having an effect

COVER

Exercising the politics of restraint

By Anthony Whittington

Restraint in political and economic studies throughout the Western world. It has become the new buzzword of the 1980s. Margaret Thatcher's resounding victory at the polls in Britain last month flowed out of a resolute program of restraint. In Canada the federal government's celebration of the first anniversary of the Six-and-Five program two weeks ago was further proof of the political appeal of the economic hard line. Last month the resignation of Paul Volcker as head of the United States Federal Reserve Board reaffirmed the commitment of U.S. authorities to a continuing program of "toughness" and monetarism, the strict control of the money supply. And in British Columbia, Premier William Bennett's provincial budget last week not only made good his electoral promise to restrain public spending but charted his promise on a radical program of economic austerity for several years to come.

It is a time when most Western economies have been shaken by the effects of a protracted 18-month economic depression, when thousands of business enterprises are still precariously close to bankruptcy, and when millions of

workers throughout Europe and North America are without jobs. It may seem extraordinary that politicians aimed at keeping economic growth in careful check have gained such widespread public support. Still, restraint has entered the political lexicon as a shoo-in victory. Barely three years ago, Canadians scoffed when John Gosselin, finance minister in Joe Clark's ill-fated Tory government, called on the nation to endure "short-term pain for long-term gain." Now, many Canadians wish they had heeded the advice when it was offered. Ironically, the Liberal government, whose profusive spending in the previous decade contributed greatly to Canada's present entrenched economic condition, is now attempting to score political points for tough economic management.

But what is restraint, and why is it so widely accepted by economists and politicians as the necessary tool for restoring health to the economies of the Western world? "In economies there are no simple answers," says Michael Walker, head of Vancouver's conservative public policy think tank, the Fraser Institute. "But, if there is one truth today," he adds, "it is that the spiral of global inflation set in motion during the 1960s and 1970s had to be brought under

control. Restraint means many things—both in the public and private sectors, both in monetary and fiscal policies. The aim of all of these should be to break that inflationary cycle."

While economic theories come in and out of vogue, as almost universal consensus has emerged in most Western countries since the late 1970s. That consensus holds that spending in the previous decade by governments, consumers and businesses outstripped the capacity of the overall economic system to produce the real wealth necessary to back it up. This fundamental cause of inflation—excess money supply—ultimately triggered the crisis that produced the first, and in many ways the harshest, of all the restraint measures: the restrictive monetary policies introduced first in Britain in the late 1970s and tentatively in Canada during the same period. The policies reached full force worldwide when the U.S. Federal Reserve Board clamped down on the money supply, beginning in 1980.

The effects of this new approach, labelled monetarism and first espoused by U.S. economist Milton Friedman, were swift and devastating. Savings money translated directly into skyrocketing interest rates between 1980 and 1982, when U.S. and Canadian rates

reached unprecedented peaks of more than 20 per cent. Those rates, in turn, precipitated a severe decline in worldwide economic activity, setting off a prolonged two-year worldwide "recession." In 1982 alone, Canada lost 400,000 jobs in the manufacturing sector, corporate profits dropped by one-third and 16,700 businesses declared bankruptcy.

In strict monetary terms—not accounting for the immense social costs—there is little argument that restraint succeeded in cooling down an overheated worldwide economy. "Make no mistake," says Laurence Tillbush, economist with the Toronto-based Canadian Manufacturers' Association. "Volcker's policies, harsh as they seemed at the time, succeeded in breaking the inflationary spiral. I don't think it is quite over yet. We're expecting another rough spell before the year is out."

Because of its direct impact on spending and investment within the free market, monetary restraint brought with it an automatic adjustment in wages and prices as private sector producers struggled to pure costs in order to survive at a time of plummeting sales and revenues. By last summer in Canada's private sector wages increased very little, already showing a sharp decline, even before the federal government moved to control public sector salaries. Canadian industry abounded with examples of self-restraint, such as that of Stelco, the Ontario-based steel producer, where white-collar workers agreed to forgo salary increases. For the private sector, restraint was neither imposed by legislation nor adopted voluntarily by public-spirited managers: it was an inevit-

table response to economic realities.

The public sector, however, was another matter. Inexpensive to market forces and immune to conventional laws of supply and demand, government-controlled wages and prices in Canada are exempted to account for almost one-third of the nation's economic activity. This includes not merely civil service employees at the federal and provincial levels and the vast array of costly social-services programs, but the myriad goods and services operating under government regulation, including energy, transportation, telecommunications and marketing boards.

Between 1960 and 1980 the number of federal public servants jumped by more than 30 per cent. From 1970 to 1974—embracing the period when John Turner, now portrayed as a prudent businessman, was finance minister—federal spending shot up by more than 100 per cent. "What happened during the 1970s," says Wendy Dobson, director of the C.D. Howe Institute, a Toronto-based economic think tank, "was the Canadian policymakers believed they could shelter Canadians from adjustments being faced in the rest of the world. This assumption fostered the belief that Canadians could 'baffle' to adopt economic policies that concentrated more on redistributing income than on ensuring the economic efficiency necessary for sustained economic growth." In 1975 the first of the bitter fruits of the policy hit the public. Federal deficits that had grown in suc-

cessive years until, in 1980, the total is projected to reach an extraordinary \$31 billion.

In 1975 the federal government did make an attempt to put a halt to inflation with the imposition of wage and price controls ordered by the Anti-Inflation Board (AIB). But inflation climbed back toward a double-digit level even before the three-year program had run its course. The government managed to slow the growth of the civil service between 1975 and 1981. But by 1982, with a recession ravaging the country, it was clear that the measures were not enough. "Neither monetarism nor the recession was having any effect whatsoever on the inflationary spiral within that vast sector of our economy controlled by government," says Walker of the Fraser Institute. "We were faced with the ridiculous paradox—as was the States, too, for that matter—of a restrictive monetary policy strangling the private sector, effect by an expansionary fiscal policy which was government's commitment to spend." The Liberal government finally responded with the Six-and-Five program, which set salary goals for federal workers and limits on price increases for federally regulated goods and services. And, says economist George Yancik of Davis Economics Canada, "The Six-and-Five program came in not a moment too soon."

According to the prevailing view of economists and statisticians, the impact of Six-and-Five—and preceding programs in at least five previous years—has been to curb the worst excesses of government-induced inflation. In spite of the boasting by federal and provincial politicians that these restraint programs have curbed inflation, economists like Thomas Maxwell of the Conservative Board of Canada say that they likely account for no more than three per cent of the drop from last year's inflation rate of 11.8 per cent to last May's greatly improved level of 5.4 per cent. A policy of high interest rates is responsible for the rest, says John and Thelma Kierans, president of the brokerage house of Meland Young White and former chairman of the Ontario Economic Council, men that the federal government's "renewed restraint has been very, very good."

For all that, restraint has become the economic message of the 1980s and the political message as well. Canadian voters seem to have accepted the necessity of working to achieve greater efficiency, lower costs and higher output in order to save their economy. The private sector has already learned that it will gauge the danger signals at its peril. For most economists, the fact that the public sector is beginning to follow is a sure sign of hope. □

Thatcher's enduring short-term gain



Winners and losers in the regions



Unsettled Strong (above); analyst Strong: uneven paths toward recovery

The recovery now taking place in Canada may look good on paper, but the much-touted optimism even little joy in some regions of the country. The fact is that the upturn is taking hold in a very disparate way across the nation, confounding the economy's reputation as one of the most fragmented in the industrialized world.

In the West, British Columbia can expect to regain lost ground this year, as the key forestry and mining sectors struggle back to profitability. Peter Gross, director of regional forecasting for the Conference Board of Canada, predicts that British Columbia will lead the other provinces with a three-per-cent growth rate. But the reason for this, he cautions, is that the province was "the hardest hit of all provinces in 1982, when it suffered a seven-per-cent drop in GNP" (goods and services produced). What is more, Gerry Stoney, an official with a regional woodworkers union, points out that part of the damage done in 1982 is irreparable. Some mills have been permanently closed or shifted to use less manpower, says Stoney. "That means," he says, "that nearly 5,000 jobs have been permanently lost"—adding to the current unemployment rate of 13 per cent.

For its part, Alberta—the last province to enter the economic—will have the slowest distinction of being the last to recover from it. For Alberta, 1983 will be a year of adjustment with little or no growth projected overall and em-

ployment of 10.6 per cent. The hard-hit oil industry may see a little growth in the wake of the revised energy agreement signed with Ottawa in late June 1981. Michael Strong, a consulting economist with Strong Hall & Associates of Calgary, says, "The end of the megaproject has pretty well passed us by." Instead, the industry is concentrating on scaled-down projects such as the \$1.2-billion tar sands scheme announced by Syncrude Canada Ltd. last week.

Further east, Saskatchewan and Manitoba are expected to grow about 1.5 per cent in real terms. Although unemployment was 7.8 per cent in Saskatchewan and 8.5 per cent in Manitoba, both provinces were buffered from the full impact of the recession in 1982 because of record grain crop yields. Farmers are planting more than ever, but prices are lower this year, and the provinces are not expected to repeat the performance of 1982.

As for Ontario, guardedly optimistic consumers are leading the province out of recession and, in the process, recovering the lot of manufacturers. Last-of-moore workers in Sault Ste. Marie are being recalled, and

steelworkers in Hamilton are now returning to work, though for both industries profits are still elusive. And an unemployment rate of 13 per cent remains a nagging problem.

In Quebec, where unemployment rose to 15 per cent last year, economists do not expect recovery to take hold until midyear 1983, the first optimistic signs are appearing. Housing starts are up 37 per cent over 1982, and the manufacturing sector is experiencing renewed demand for consumer goods.

Meanwhile, Atlantic Canadian consumers and businesses are tentatively beginning to open their collective wallets again after the toughest two years most of them have known. Throughout the region, sales of big-ticket retail items are up nearly 10 per cent over last year.

Newfoundland is expected to suffer from further retrenchment in Labrador Iron ore mining this year, and the forestry sector will recover only modestly. But the province will benefit from an estimated 30-per-cent hike in construction activity, which should help lower its 10-per-cent unemployment rate and contribute to economic growth of 1.9 per cent. While Prince Edward Island, with unemployment of 13 per cent, is predicted to have a meagre 0.9-per-cent growth, New Brunswick's economy (11-per-cent unemployment) should expand by a more healthy 2.4 per cent.

The strong arm in the region, however, will be New Scotia. The unemployment rate is 13 per cent. But the economy, stimulated by last year's federal-provincial "Ottawa" economic agreement, has weathered the recession in the best shape of any province in the region and—according to a Conference Board forecast—will do better than any other province in the region in 1983.

In some regions of the country, economists and businessmen have reason for hope. But nationwide the recovery is progressing in a seemingly feeble, halting way. Many Canadians are still waiting to see if—and when—it betrays its largesse to them.

—JAMES FLEMING in Toronto, staff correspondent



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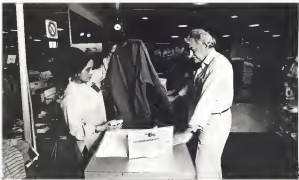
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Toronto launch of the merger-minded Bay: a 12-year fight for tougher laws still faces challenges from business

BUSINESS

Ottawa's cautious competition bill

By Linda McQuaig

The timing could hardly be more appropriate. With the federal government expected to introduce its long-awaited competition bill next fall, a recent rash of corporate mergers threatens to reduce further the ever-widening level of competition in the Canadian marketplace. Some federal officials are alarmed at the prospect of further concentration of the nation's economic power, but they say that there is little they can do about it under the current ineffective competition laws. Yet, with Canada's competitive law among the weakest in the Western world and its economy among the most concentrated, Ottawa is now poised to back away from earlier plans to bring tough new legislation. And it plans to let the cabinet override merger rulings made by an independent tribunal charged with overseeing the laws.

Under current laws, companies involved in mergers that reduce competition can be prosecuted. But there has only been one successful prosecution in Canadian history (in that case the conviction was obtained only after the company, Electronic Industries Co. of Canada,

pleaded guilty in 1976). The task of reforming the laws has been difficult largely because of intense opposition from the business community. Since the federal government first indicated in 1986 that it wanted to revise the laws, business has kept up a barrage of stren-

After years of wrangling, Ottawa has allowed business a major say in the rules that will govern commerce

uous objections. Roy Davidson, former senior deputy director of the federal bureau of competition policy, recalls the "cold war of opposition" to the first proposals for change in 1971.

Some changes were introduced in 1976, but the more contentious items were postponed. The government made several more tries. Then, in a discussion paper circulated to interested groups in April, 1986, it outlined proposals for tightening the key merger, monopolization and conspiracy sections. But a hos-

tile business reaction sent the government back to the drawing boards once again. By September that year David Ouellet, minister of consumer and corporate affairs, introduced the Calgary Chapter of Commerce that the newly revised legislation would contain "a number of pleasant surprises" for business. Those surprises are contained in a smaller bill, yet to be tabled, which the government now hopes business will find more acceptable.

The government has also taken the unusual step of actually showing parts of the draft legislation to a select group of business representatives. The five-man group includes members from the Canadian Chamber of Commerce, the Canadian Manufacturers' Association and the Business Council on National Issues (BCNI), a low-profile but powerful lobby that represents such blue-chip corporations as Shlco Inc. and Bell Canada. After more than a decade of fierce opposition, business now appears relatively content with the government's earlier prescription for competition policy. Ben Tom d'Aquila, president of BCNI, "We're generally pleased with the way they're thinking." That view is echoed by CMA spokesman Doug

Montgomery, who points out that, while government leaders have always tended to business, "they're listening more intently now."

The law attention is part of Ottawa's new attempts to woo the business community. D'Aquila compares the competition to the business-government consultations that preceded Finance Minister Marc Lalonde's pre-budget budget last April. D'Aquila gives Lalonde 10 out of 10 for that consultation and hopes this round will be as fruitful.

The critics dispute that. The 150,000-member Consumers' Association of Canada (CAC), a longtime proponent of tougher competition laws. Specifically, the consumer group is angry that it does not have access to the draft bill and is excluded from the closed-door sessions in which business representatives and government officials are reviewing the legislation. The CAC's David McKendry argues that consumers have a strong interest in seeing that Ottawa marks tougher competition laws, since that is the only way to prevent large firms from gaining control of markets and raising prices arbitrarily. Adds Davidson, former deputy head of the federal public relations bureau: "That's the way the free enterprise system works—you're under constant pressure to offer a better deal to your customers. It's not surprising business people do not like it too much."

One business writer that does face competition—and would like to see more—in small business. It suffers if a few large firms gain control of a market and use their power to squeeze out competitors. "We're not talking about big mergers," says Conrad, executive director of the Canadian Federation of Independent Petroleum Marketers. "It really boils down to whether you want a few large firms or a number of small and medium-size firms."

Throughout the debate over competition laws in the past decade, economic conservatives have argued that a merger review process would be too costly. The number of mergers almost doubled

in Canada, from 264 per year in 1975 to 511 in 1979. Some dramatic acquisitions caught national attention in the late 1970s—among them the Bay's takeover of Simpsons, and the Thomson-Southern newspaper deals that eliminated competitors in three major cities. After a relative lull during the recession, the urge to merge is back again, notably in the forest products and housing industries. While some mergers arguably benefit the economy by creating more efficient businesses,

the court ruled that even though the acquisition of five newspapers gave Irving control of all the province's English-language dailies, the Crown failed to prove that this was detrimental to the public—an essential part of the current law. Part of the problem arose from the fact that the merger provisions are criminal law and therefore quite hard to prove. Indeed, a reasonable doubt, a much higher standard of proof than that required under civil law. After the Supreme Court concluded that not even



Competition director Hunter (above): Ouellet, almost any change would strengthen the law

the rash of takeovers in the past few months offers a benefit, according to Louise Huxley, director of the bureau of competition policy. "We are certainly seeing a number of acquisitions in Canada that give us cause for considerable concern," he said.

The gradual weakening in the past decade of Canada's competition laws seems to have accelerated this trend.

toward increased concentration. While Canadian laws have never been as tough as U.S. regulations, for instance, they were weakened considerably less potent following a series of Supreme Court decisions since the mid-1970s. Hunter wryly comments that it "would be hard to do something about merger law and not make it better." The strongest blow to the merger law came in 1976, when the Supreme Court of Canada reaffirmed a merger review process against New Brunswick industrialist K.C. Irving

the ownership by one man of all the province's English newspapers could be shown to be detrimental beyond a reasonable doubt, many experts concluded that few mergers would meet that test. Hunter believes that many of the mergers since the Irving decision were undertaken by companies operating under the assumption that the law could not affect their actions.

Under the proposed new merger laws, it will not be necessary to prove that a merger is detrimental to the public. Instead, the Crown must prove that the effect of the merger is to lessen competition substantially. (Companies would be allowed to argue in their defense that the merger increased their efficiency.) More important, mergers would no longer be subject to criminal law but would be incorporated into civil law and decided by the Restrictive Trade Practices Commission (RTPC), a government-appointed tribunal which would have the power to approve or prohibit mergers. (Charges of monopoly that would be future come under the heading "abuse of dominant position" would also move from criminal to civil law, but these cases would be decided by the courts.)

While these changes represent a

tightening of the merger laws, if there is an important new provision. If the EEC rules are changed a nation, companies will have the right to appeal the decision to the federal cabinet, a right not allowed under current law. McKendry, of the consumers' association, fears that this will leave decisions open to political interference. "The problem is controlled by the fact that any appeal is conducted in secrecy and no one would ever know why they made their decision." This procedure would leave the final decision with ministers, as in the case under the Foreign Investment Promotion Act.

In another key area—the law governing corporations that restrict competition—Ouellet appears to have bucked down from the much stronger position he advocated in his 1981 paper. Ouellet argues, when are sometimes considered harmful to the economy, non-competition between companies to fix prices, to allocate market shares or to restrict entry of new competitors into a market—are always considered harmful. The government traditionally promoted such vigorous anti-trust competition in a spirit of equity. But this changed dramatically after the Supreme Court, in 1980, overturned conspiracy convictions against three large sugar refiners—Atlantic, Redpath and St. Lawrence. The court ruled that even though the sugar companies had essentially operated as a cartel, controlling market shares for more than a decade, the Crown had not proved that they had lessened competition unduly. This is a nice term, and the court's rulings have often been misread to mean that any competition remained there had not been reduced unduly.

Two years ago Ouellet indicated that he planned to adopt a tougher standard, similar to the U.S. law, which says that competition is harmed in itself, regardless of how much it reduces competition. In Ouellet's 1983 paper, he wrote, "From a public policy viewpoint, it has always been rather anomalous to tell competitors that they would get together and agree to fix prices or otherwise lessen competition as long as it was lessened too much." This would be equivalent to conceding a little bit of rig, argues William Shackley, an economist at the University of British Columbia. Yet the conspiracy reform in the new draft bill will require that the Crown prove that a conspiracy lessens competition significantly. Such significantly is also vague, the new law's effectiveness will depend on how the courts interpret it. Some critics fear that the courts take a tougher stand than in the past, the law may not offer enough real protection.

But the new legislation may never be introduced in the House. Like some en-

acted. Some members speculate that after the government's waning of the business community with the budget last April, it may be unwilling to strengthen business with a tough competition bill—especially with Liberal friends anxious to lift the road looking for contributions for the upcoming federal election campaign. It is precisely to avoid this kind of business resistance that the government is now giving business a hand in shaping the new law.

Some critics charge, however, that allowing businessmen as much as in drafting laws designed to constrain them is akin to letting the fox guard the hen house. Roy Davidson, "It is going to be legislation that will meet the weaknesses of the present law, the business community won't like it." Yet if it does not remedy that weakness, the new draft legislation is unlikely to satisfy



D'Aguirre: business disturbs consumers

consumers and small business. "If they want down the law to appease big business, they're going to hear from small business," warns Conrad of the petroleum marketers' federation. For the populist Liberal government, the dilemma is how the law is to be applied by business without alienating legions of consumers. ☐

Japan arms for car wars

Since Ueno, Japan's new minister of international trade and industry, could not have anticipated the decision of free trade followed a few weeks ago in a Tokyo hotel two weeks ago. Meeting for the first time with Japan's top auto industry executives, Ueno laid out government policy for a fourth year of auto exports to Canada and the United States. The manner was laid and clear: the days of Japanese restraint are ending and Tokyo wants unhindered access to hungry North American consumers.

The reports from Tokyo immediately generated talk of possible retaliation by Ottawa and led to a previous long U.S. government officials and congressmen. Official Washington minds are focused already on the 1984 presidential election, when Japan's export onslaught and the potential loss of U.S. jobs will be a potent theme. New York Democratic Representative Richard Ottinger, chief sponsor of a bill that would force Japanese auto companies and other foreign producers to build in the United States if they want to keep their market share, declared, "The Japanese have signaled they are no longer interested in even the pretense of a co-operative effort to resolve our differences." In Canada reaction was more muted, largely because Tokyo and Ottawa signed a deal two weeks ago to limit Japanese auto exports until next April.

Officials in Tokyo were taken aback by the strength of the U.S. reaction to Ueno's statement. They have always considered that "self-restraint" an auto-exporter's answer to a three-year "breathing space" for U.S. makers to re-organize to meet the Japanese challenge. "It seems we are in the political warm water again," one Japanese bureaucrat observed. Tomio Takemura, head of the auto section, repeated the theory that the treaty had made an opening for U.S. competitors before the U.S. primary elections. "We last referenced Japan's," he said.

Ueno noted that car sales in the United States in the first 26 days of June had jumped by 35 per cent on an annual basis. With signs of recovery apparent in the U.S. auto industry, Japan sees reason why it should be stepped out for producing competitively priced cars that people in the United States want to buy. With the protagonists threatening to call the other's bluff in the car war, the strong statements need to be made. There is clearly a great deal of negotiation ahead before any threats become real.

—PETER MCGILL in Tokyo

COLUMN

The lessons of Japan Inc.

By Peter C. Newman

Because Japan, the Canada, has only through successful work in a business being first spiritual failures. Most Japanese have deep concepts with nature through it seems so that a shy deer, an exquisitely shaped oak, the subtle shadowing of a full moon or a great poem become objects of deeply studying contemplation. Shards of nature are used for seedlings and Buddhist temples for funerals—or for students seeking in to pray for high marks in their final exams.

No way. The distinctiveness of the Japanese is based on deep cultural traits that cannot be learned, or even adopted. "The unity of Japanese society is exemplified by the cohesion of traditional village society and the special requirements of 'self' cultivation," explains Masao Okamoto, managing director of Morozumi Research Institute. "Co-operation among villagers is essential to get the seedlings transplanted as quickly as possible, so that the spirit of competition is stronger between groups than among individuals."

It's a value system that emphasizes the place of employment as the main source of identity, giving it the emotional priority most Canadians reserve for their immediate families.

This psychic bond, comparable to work attitudes most Canadians last when they abandoned their family farms, pervades Japanese society. Perhaps the old-fashioned bar-matrons in 19th-century rural Canada were the closest we've ever come to achieving the co-operative spirit prevalent at most Japanese factories.

At the heart of Japanese culture is a supreme pragmatism that allows its people to assimilate new ideas and new directions. The Japanese have acquired traditional Chinese gardens, Buddhism, Shintoism, wartime fascism, green tea, democracy, integrated circuitry, auto-focusing cameras and Elton Presley—balancing something peculiarly their own in the process. Instead of the pre-chewed system of metaphysical beliefs, it is work that tends to be worshipped.

Indifference to organized religion is one of the most conspicuous characteristics of present-day Japan. "Japan is without equal in her negative attitude toward what is sacred," Mitsuko Katsuno, an expert on Japanese shintoism, has written. "Japanese temples do not live up to Buddhist precepts. Not even the priests themselves are afraid of Buddha. They have free access to drink, and women. Money is especially welcome in them."

The search for internal harmony

which governs the Japanese national character is based on the notion that only through successful work can a human being find spiritual fulfillment.

Most Japanese have deep concepts with nature through it seems so that a shy deer, an exquisitely shaped oak, the subtle shadowing of a full moon or a great poem become objects of deeply studying contemplation. Shards of nature are used for seedlings and Buddhist temples for funerals—or for students seeking in to pray for high marks in their final exams.

Although 90 per cent of Japanese in one recent survey claimed that they



Exercise drink: worship of work

didn't consider themselves "religious," most burghers privately held their bets by mentally belonging to at least two sects. (According to the national census, Japan has 87 million followers of Buddha and 89 million of Shinto—a remarkable statistic since the Shinto total represents 120 million of the world's population.)

If there is one prevailing belief, it is

the centuries-old Confucian work ethic, founded on respect for harmony in personal relationships and the belief in a classless Confucianism. The Japanese individual, rejecting the mysticism of Confucius to accept organized religion. The end result is the accommodating personality of most Japanese. Something deep and intimate within the Japanese character links them with the oldest of traditional nerves, including the ritualistic sacrifices so dear to Hollywood semiotics. Only Japanese assimilate themselves more frequently, and a new mental listing "a new set of recipes for a successful life" is a current best seller in Japan. When one of the corporate assassins involved in the Lockheed bribery scandal killed himself, he left behind a note that hardly seemed out of place for the Japanese corporate ethic. "The company is eternal, and it is our duty to devote ourselves to that eternity."

The strength of the Japanese character hinges on the traditions of self-cultivation and self-discipline. Because so large a population is squeezed into these relatively small islands, the Japanese have learned to cherish their own tiny perfect gardens. Unlike Western aristocrats who flaunt their power by presiding over stately mansions with huge grounds as the Normandy-period houses one day, even the very rich Japanese now lavish extra on stoneware plants that represent a microcosm of the universe, instead of staging lavish masked balls, they enjoy the soothing pleasures of highly refined tea ceremonies (after all is not quiet). The Japanese Country Club, where most of Japan's elite businessmen golf, charges an entrance fee of \$200,000.

The source of Japan's impressive stability is the natural tension between social classes. What matters most is absolute background, which determines the level of entry into the labor force. Graduate of the leading universities—Tokyo, Kyoto, Hitotsubashi, Keio and Waseda—are favored for the best jobs, and students often spend as long as three years binging up for entrance exams. Because admissions are based heavily on previous education, seeking illustrates more clearly the Japanese will to succeed than the existence of thriving big-city "crack" schools for four-year-olds. There, they are matched on how to gain admission to the best private universities.

What is to be good a runner as any way we can never be happy Japanese.



Washington wakes up to acid rain

By Pat Ohiendorf

Working furiously to meet an Aug. 1 deadline, staff members at the United States Environmental Protection Agency in Washington are preparing what one official there terms "the last word" on acid rain and what the Americans should do about it. Recent reports have called a new and open climate for acid rain controls in Washington will further bolster whatever specific recommendations the EPA makes to the White House. Suddenly, after years of fast-tracking over an issue of mounting concern in U.S.-Canadian relations, Washington now has decided to confront the hazards of acid rain.

The first indication of the shift came last month when a White House task force finally conceded that acid rain is "probably" man-made and that something must be done about it (ENR/March 26, June 28). Since then two prestigious U.S. scientific reports have criticized government inaction and, truth be told, scientists in the United States and elsewhere voiced new concerns that acid rain, in addition to killing lakes, has slowed forest growth and possibly posed a health hazard to humans by contaminating drinking water with harmful heavy metals from pipes and the soil. The worries opened to politicians, who underlined the issue of urgency. "The acid rain debate has entered an important new phase," noted Representative Steve Robert (Stafford of Vermont, sponsor of two acid rain bills recently before the Senate). "We are no longer discussing whether a control program is possible, but what its content will be."

Not surprisingly, Canadian environmental scientists are taking advantage of the new U.S. concern over acid rain. They are mounting a counter-argument. Canada arrived in Washington last week, at the EPA's invitation, to provide more details on Canada's position on the problem. "We are feeling very encouraged that things are starting to move," Environment Minister John R. Bolger told ENR. "We hope to convince [the Americans] that now is the time to act, and to push for an overall 50-per-cent reduction in emissions by 1990."

The new optimism is based mainly on the short-balling language of the two reports released at the end of June. The highly respected U.S. National Academy of Sciences (NAS), for its part, at-

ttempted to put to rest the arguments long favored by opponents of acid rain cleanup. Industries with vested interests in coal, for example, have claimed that not enough was known about the relationship between what goes up in the smokestacks and what comes down in the rain to guarantee effective control. But the NAS, after reviewing scientific models of the relationship, concluded that reducing sulfur dioxide emissions by a given amount across the continent would produce an equivalent decrease in acid rain. In short, the study's director, Jack Calvert, "It tells them for the first

but on forests and the soils beneath them. Although the problem has just emerged in North America, it has been well documented in Europe, especially in West Germany. There, the death of forests, largely due to acid rain, is rapidly assuming the proportions of a national disaster. Both older trees and seedlings of fir, spruce, pine and beech are yellowing and dying, especially at higher altitudes. Lutzsch biologist Heinz-Dietrich Gröger of the German federal environmental agency "Some areas of forest cannot be saved by any measures we enact now. It is too late."



Robert, new concern over polluted forests and possible health hazards to humans

time that they can get something off their backs that is going to go off." The other report, prepared by the White House Office of Science and Technology, swept aside even more strongly the claim that more investigation was needed before any action could be taken. It concluded: "If we take the conservative point of view that we must wait until the scientific knowledge is definitive, the accelerated deposition and damaged environment may reach the point of irreversibility."

Of special concern to the White House group was growing evidence of the effect of acid rain not just on lakes

In North America, scientists have noted evidence of the beginnings of a similar and rain devastation of forests in northeastern Ontario, Quebec's Eastern Townships and the Green Mountains in Vermont. But little study has been carried out so far on acid rain's damage to trees on this continent. Says Robert: "We are convinced that it is happening and we are concerned that it is serious, but we cannot quantify it."

Recent suggestions that in certain areas acid rain was in a public health hazard are even more disturbing. British and Wildlife studies in Ontario

indicate that acidic water can "leach" heavy metals, such as lead and copper, out of old pipes and into drinking water. After tests last summer in lakes in the vacation regions of Haliburton and Muskoka, federal investigators recommended that cottagers slow their tap water to run for a few minutes before using it in the morning. The aim was to flush out concentrations of leached metals that had built up overnight. More recent research in the United States has focused on dangerous fellow travelers of acid rain—particles of aluminum, cadmium, copper, lead and zinc, which are also propelled from industrial smokestacks. After falling to earth, these substances can later be pulled from the soil by acidic water.

The EPA's associate administrator for international activities, Patricia Green, is confident that acid rain "is not going to be put on the back burner." But working out the details of a solution, he adds, "is going to be very complicated." Not surprisingly, some members of the coal and utility industries continue to oppose a cleanup. The Peabody Coal Co. of St. Louis, Mo., the largest U.S. coal producer, insists that atmospheric emissions reductions would not result in comparable reductions in the worst-affected areas. As well, the Washington-based Edison Electric Institute, representing the electric utilities industry, is warning that acid rain controls could mean a 50-per-cent hike in utility bills in some parts of the United States.

Because creating and raising legislation in the United States is such a delicate political process, U.S. officials view Canada's participation with mixed feelings. Officially, Washington has welcomed the co-operation between scientists from both countries. Nevertheless, in private conversations there is dissatisfaction in some quarters. One congressional assistant, who requested anonymity, said the Canada is "incredibly tardy" in adopting automobile emission standards, and he pointed to the "intimidating" of sulphur oxides put up by the Iron Ltd. smelter in Sudbury, Ont.

What the United States intends is only to do—with or without input from Canada—will not become clear until the EPA's new director, William Ruckelshaus, makes his recommendations to the White House early next month. Meanwhile, as the legislative wheels grind, an array of bodies of water in northern North America are jumping the gun—now conservatively estimated at 200—of lakes, rivers and streams that no longer support life of any kind. But at least there is now hope of preventing similar irreversible damage to other lakes, forests and human beings.

Walt Reed, Publisher in Montreal.



Sharon and Robert Dawson outside Vancouver courtroom: tragic moral dilemma

LAW

Life, death and the law

The two tragic stories unfolded a thousand miles apart last week, but the plots and the questions they raised were disturbingly similar. In Edmonton, Debra and Jerry Teashek appeared before a court of inquiry to investigate the death of their 36-hour-old daughter, Candace, last Oct. 8. In dramatic testimony before Provincial Court Judge Carl Roll, a distraught Debra Teashek said that she believed her daughter, born with severe brain damage, and died of natural causes after a routine scan in February at Edmonton's University Hospital revealed that the infant had died after a massive injection of morphine. Meanwhile, in a Vancouver courtroom, Robert and Sharon Dawson appeared before Judge Brian Davis, fighting for the custody of their severely retarded son, Stephen. The provincial ministry of human resources officials had taken Stephen, 2, from his parents last March 2 after the Supreme Court of British Columbia refused the Dawsons' request that their son not be given a life-sustaining operation to replace a blocked plate about in his brain. The Teasheks and Dawsons cases once again focused Canadian attention on the difficult moral dilemma raised by new life-prolonging medical techniques.

The ambiguity of the law is thrown into sharp relief in the case of Candace Teashek. Observing the pain and discomfort of the dying infant, nurse Barbara Howell asked a chilling question: "Should I be permitted to administer a drug to relieve the child's suffering?"

Howell testified that Gail gave her a written order to inject the child with 15 mg of morphine—an extremely high dose. She checked with her supervisor, nurse Betty Schutte, who told Howell to administer the drug. The child died 40 minutes after the injection. When the incident surfaced, Dr. Roy LeRoux, the registrar of the Alberta College of Physicians and Surgeons, suspended Gail and placed the two nurses on enforced leaves of absence with pay. "It is a very sad situation," said LeRoux. "The doctors could not stand to see the baby suffer. He practiced euthanasia with compassion." The case has been complicated by the fact that Gail has returned to Debra. It is still not known whether he will return to testify. To date, the Alberta attorney general's department has had no charges against the doctor.

The case of Stephen Dawson is equally complex. The boy became the focus of a national controversy when his parents demanded that he be allowed to "die with dignity" rather than have medical science prolong his life. Stephen, who has cerebral palsy and is blind and partially deaf, has been in the temporary custody of the B.C. ministry of human resources since March. The ministry is fighting for permanent custody, claiming that in light of the Dawson's earlier request, the child should not be entrusted to their care. For the Teasheks and the Dawsons, whose cases continue, the difficulty of the questions are overshadowed only by the compelling need for answers.

—SIOBHAN McKEAY in Vancouver.



EDUCATION

By Michael Posner

spiral course and drug abuse and theory declines in standard achievement tests (SAT) scores—is not matched by action on the solution. For example, Reagan and a number of state and local school boards have championed the action of merit pay. "If we must excellence," the president noted recently, "we must reward it." However, teachers in the 21-million-member National Education Association (NEA), the nation's second-largest union, have repeatedly opposed merit pay. In California, a major effort to work in Pupil Achievement, NEA Executive Director Don Cameron failed merit pay a subset that Reagan had pulled from his hat for political purposes.

(Cite) a year, compared to \$25,000 for a high school teacher. Reagan, too, has supported higher salaries, but not if they must be paid from federal coffers. His back-to-basics theme is usually accompanied by the reminder that public schools were strongest when there was no federal aid to, or control over, education. "We do not have an education problem because we are not spending enough," the president said in Albuquerque, N.M., last month. "We have an education problem because we are not getting our money's worth for what we spend."

dictating the pace, tone and terms of the education debate for the 1994 presidential campaign. By that measure, at least, the president has so far succeeded.



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Margentaler entering Toronto police van, shouts at 'murderers' and 'child killers'

JUSTICE

The Morgentaler file

As expected, Dr. Henry Morgentaler's challenge to Canadian abortion laws brought him into direct conflict with Ontario authorities last week as the controversial Montreal surgeon, along with two medical colleagues, was jailed in Toronto on charges of conspiracy to procure a runaway. The Toronto arrests, arising from a police raid on the three-week-old abortion clinic in the Ontario capital, were the latest episode in Morgentaler's continuing campaign, now being fought as two Ontario, Toronto and Winnipeg. In fact, his legal problems in Ontario prevented the 40-year-old Morgentaler from making a scheduled court appearance in Winnipeg, where he and seven staff members face similar charges resulting from police raids on the abortion clinic that opened on May 6. (All seven were remanded for six weeks.)

In Toronto one patient was still on the gynaecological table when 15 police officers rushed into the clinic on Tuesday. Over the course of 2 1/2 hours they seized medical equipment, including a vacuum aspirator used to perform abortions, and appointment books. The raid began 50 minutes before an Ontario Superior Court judge rejected a request from Morgentaler for an injunction to stop any police raids. Police arrested

staff doctors Robert Scott, 36, of St. Anne de Providence, Ont., and Leslie Smoling, 55, of Toronto, and a Canada-wide warrant was issued for the arrest of Morgentaler, who was on holiday in San Francisco. Scott and Smoling spent almost three days in custody. Morgentaler, who returned to the city on Wednesday night, surrendered to police the next morning. He spent 24 hours in jail before all three were released on Friday morning on \$3,000 bail each.

The Criminal Code of Canada prohibits abortions except in an accredited hospital, and then an approval by a committee of professionals. The Ontario ministry of health has refused to grant hospital accreditation to Morgentaler's clinic. The same situation exists in Winnipeg where police raided Morgentaler's clinic on June 8 and June 10. Morgentaler and Scott, along with five other staff members, face charges there of performing an illegal abortion or conspiracy to procure an abortion.

Despite the police activity, Morgentaler's employees remained defiant. Immediately after officers left the Toronto premises, the staff resumed the doors to provide counselling and to schedule more appointments. Brad clinic spokeswoman Judy Reibick: "In the raid they smashed our camera and took our equipment. It was a stupid, absurd

way to behave." Over the next 24 hours, she reported later, the clinic received more than 50 calls for abortion appointments.

The raid also galvanised the Toronto pro-choice movement. A crowd of several thousand people, about one-third of them men, gathered on the grounds of the Ontario legislature the next evening to sing, chant and cheer speeches. Reibick drove signs of approval when she said that if Morgentaler was jailed, the women of Canada would consider him a political prisoner. Two anti-abortionists stood in the front row, facing the speakers and the TV cameras, shouting "murderers" and "child killers."

There was room for only about 25 spectators in the courtroom for the one-hour bail hearing on Thursday. At least twice that many reporters and supporters had to wait in the corridor outside, the defendants rejected the prosecution's proposal that bail be granted only if the doctors closed the Toronto clinic until after their trial. That meant a night in jail for all three. Judge David Scott, who said he would have preferred several days to study the case, pined over the available evidence to prepare a bail decision for Friday. When the hearing resumed in the morning, the judges rejected the Crown's bail conditions. He said that he did not want to "put doctors on the line" and turn the doctors into martyrs.

In Winnipeg, meanwhile, a group supporting Morgentaler launched a new challenge to the constitutionality of Canada's abortion law. John Scarfield, a lawyer for the Coalition for Reproductive Choice of Manitoba and the Charter of Rights and Freedoms, who he argued that the 16-year-old law, by restricting access to abortion, violated women's freedom of conscience, her personal liberty and security. The suit is similar to an action that the Canadian Abortion Rights Action League filed in Ontario May 19.

The abortion issue also attracted attention in Ottawa, where the president of the Canada Advisory Council on the Status of Women, Lucie Pepin, called on the federal and provincial governments to "act immediately to make sure women have access to abortions." Said Pepin in a prepared statement: "If all hospitals provided abortions, women would not be obliged to seek recourse through private clinics." And throughout the week, the abortion clinic that Morgentaler has operated in Montreal since 1969 continued to function. A receptionist, then, asked whether someone in Winnipeg and Toronto had affected the Montreal clinic's operation, replied: "In Quebec, we have evolved socially. Everything is easier here."

—BONNIE HILLMAN
in Toronto

COMPUTERS

Female terror at the terminal



By Brian D. Johnson

Boy needs girl and brings her home to meet his computer. Boy feeds floppy disc into machine and takes command of computer terminal while girl watches over his shoulder and giggles. Boy saves computer to break into secret military zone game and eagerly sets off the Third World War. Girl is appalled but thinks computer is scary. Girl breaks boy but never touches computer.

That scenario, a quick sketch of the hit movie WarGames, reflects the reality of adolescent boys more accurately than Canadians might assume. At home, at school and even at camp, the revolution in computer education appears to be enmeshed with old-fashioned sexual stereotypes. At computer camps across Canada, where young people learn the basics of programming along with rowing and swimming, boys outnumber girls this summer by 2 to 1. What is more, recent reports from local school boards and the Science Council of Canada show that many girls are jeopardizing their future job prospects by declining in their teens that math, science and computers are best left to the boys. And a national study by the Canadian School Trustees Association released last week warns that those girls will be forced to enter low-paying jobs, many of which will be phased out within the next decade. Indeed, by 1990 most jobs will require some computer skills. Apprehensive in the aggressive, testosterone atmosphere of video arcades, the boys have attacked out-

the computer terminal as yet another male preserve.

Last summer John Bradford, a 13-year-old from Kamloops, B.C., was one of only three girls among 25 boys at Ontario's Computer Camp for Kids at Lake Couchiching near Orillia, 110 km north of Toronto. "I think more girls would be interested," she said, "but they do not want to admit it. I guess they think computers are not a feminine thing. They would rather be out horseshoe-riding or something." This year, with prompting from parents, more girls are bucking peer pressure to

brave the terrors of the terminal. When Bradford returned last week to the Computer Camp for Kids, now located at Queen's University in Kingston, Ont., the female minority had grown marginally to four out of 20. Camp Director James Mackin attributes the traditional loaded-boy-girl ratio to the attitudes of school guidance counselors, but he predicts that that situation will eventually change. Says Mackin: "The computer is the great equalizer. Because there is no muscle involved, it offers equal opportunity."

Still, boys and girls approach the terminal not only in unequal numbers but with different attitudes, says Kishi Zinken, a computer instructor at Camp Algonquin, located in Crescent Beach, 45 km south of Vancouver. (Girls make up about a fifth of the camper population.) "The boys come in wanting they will do a good job because they are boys," says Zinken. "And some of the girls assume it will be a real good because they are girls." But as it turns out, he adds, female tend to learn faster than males because they are more accustomed to performing "feminine" tasks. "The computer is more like a sewing machine than a car," Zinken suggests. "A car is kind of a loose machine where there is room to fiddle, but a computer is a device that goes through a set of procedures that you have to follow in an orderly manner."

Although girls tend to be just as adept at the terminals as boys, the com-

Since then WarGames (above), camper Bradford among the boys' male preserve



The Big Red Machine is ready for L.A.

The best student athletes in the world turned out last week at the University of Toronto in Edmonton what professional hockey players and Olympians have long known—the Soviets are awesome. The 3,000 individual athletes came to test themselves against sticks and world standards, but as teams from 75 countries they paled against the singular standard of the Soviet Union. As the world student games moved into their final days last weekend, the Soviet stars had accumulated 75 medals, including 46 golds. The Americans had 88 medals, with only three golds. Canada had 58 medals, five of them golds. The message from the globe's largest athletic meet prior to the Los Angeles Olympics next summer was clear: The Red Machine is ready.

The Americans, perhaps looking over their next month's Pan-Am Games in Venezuela, did not send all of their best half the U.S. team in Edmonton was at its first international meet. The powerful Karl Hermann staged home. But even without that competition, the performance of the Soviets was impressive. There had been some pre-Game conjecture that, like the Americans, the Soviets might hang back (the Soviets did leave two basketball teams at home). But spokesman Nikolai Rusakstev pointed out, "We believe the University is a very important part of developing athletes for the Olympics." For the Canadians the goal was the same, for others simply being there was achievement enough.

The disparity was underlined by Charles Malik, a Lebanese theologian and educator who helped found the United Nations. "The Soviet delegation is far more serious about participating and winning than you complacent Western democracies," Malik declared. "Your athletes are sloppy and undisciplined and do not care."

Malik's valley certainly missed some marks. The men's basketball team from Peru, for instance, brought their own uniforms and paid their own way to Edmonton. They first hitched a ride on a Peruvian Air Force jet to Washington, D.C., where they caught a bus to Buffalo, N.Y. They then took another bus to Toronto, where they walked the streets throughout the night because they could not afford hotel rooms. From there the players took a two-day bus ride to Edmonton. In action on the court, the team was one for four.

Canada's rewards were equally mixed. The women's gymnasts had co-



Routman: two wins, almost two world records

peted to place no higher than fourth, but got a third-place bronze medal. The women's basketball team, which lost seven members who walked out when their coach, Dan McFar, was fired on the eve of the Games, were quickly eliminated, although the men upset the favored U.S. team to advance to the gold medal game. And while high jumper Mit Otty, ranked number 1 in the world last year, finished a shocking

15th, high bar gymnast Philippe Chartard worked his magic and won a gold. Five days before the event, Canadian star Dan Gooden was injured. Chartard was called as a stand-in, and won Guillaume Leblanc's gold medal in the 59-km walk was equally underbilled. The 29-year-old engineering student from Sept-Îles stood more than 2½ minutes off his personal best to beat 1980 Olympic champion Maurizio Dondos of Italy by 60 metres and win Canada's first track and field gold medal since 1968.

As expected, Canada was strong in the pool. World-record holder Alex Baumann moved his own world mark in the 500-m individual medley by just four one-hundredths of a second, but he was his second gold medal. Earlier, Baumann was the 400-m individual medley—a two-one-hundredths of a second shy of the world mark. "I guess my fingers are not long enough," he said. While the others almost broke records, few individuals—and no nations—came close to the Soviets in Edmonton. For the Canadians the next test against the star of the Pan-Am Games will come at the Pan-Am Games. After Edmonton and Caracas, however, all the participants know that in Los Angeles the Soviets will set the pace.

—HAL QUINN in Toronto, with Gordon Legge in Calgary

Otty: some disappointments, some magic, but the Soviets were awesome



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Medieval sleuth on the murder trail

THE NAME OF THE ROSE

By Umberto Eco
Translated by William Weaver
Academica Press, 300 pages, \$21.95

It is perhaps not to assume that the first novel by an Italian professor of Semiotics—the study of the visual and verbal signs by which people communicate—should have won a spot on *The New York Times* best-seller list. The Semiotician novelist is, after all, Umberto Eco, who reads with French philosopher Roland Barthes and anthropologist Claude Lévi-Strauss as an intellectual guide. *The Open Work* is the first of *The New York Times* books reviewed, “the unacknowledged leader of contemporary Italian culture.” But because this book is based on Eco’s 30-year-long sessions with all things semiotic, with a plot that turns on long theological disputes about whether or not Christ was poor and had a sense of humor, it is a little like a semiotic novel. *The Open Work* is the first of *The New York Times* books reviewed, “the unacknowledged leader of contemporary Italian culture.” But because this book is based on Eco’s 30-year-long sessions with all things semiotic, with a plot that turns on long theological disputes about whether or not Christ was poor and had a sense of humor, it is a little like a semiotic novel.

Alternate Eco himself was not surprised at the European acclaim for his arduous, 500-page detective story set in a Benedictine abbey in 1297. When the novel won two major Italian literary prizes after publication in 1988, the rest of intellectual Europe felt like so many dominoes. But the North American

Reading *The Name of the Rose* is an extremely respectable way to indulge a passion for detective fiction

people puzzles Eon, as he recently confessed to *The Globe and Mail*. "I am very skeptical about the U.S. reception. Paper emperors—in Europe you see them every day in the square. In America it may be taken as a Tolkien-like story."

More accurately, on the continent

[illegible]

monks, heresy and the full force of the inquisition all conspire to the knot that Neo obviously delighted in tying. But in the end it is the quality of the two National travellers that makes the novel.

Eco's detective is Brother William of Baskerville, a British Franciscan monk who intentionally resembles Sherlock

Holmes—seen in Holmes's propensity for wilderness periods of drug-induced deductive reasoning. Brother William arrives at the abbey on a secret mission concerning suspected heresy in the Franciscan order but ends up investigating the murders—problems he feels are more within range of human solution. Brother William was once an inquisitor but grew it up because he found that the truth lay not in dogma or the workings of a terrifying devil but in the facts of human situations. He is now a disciple of Roger Bacon from St. Francis.

Book's Choice is a young Benedictine novice named Adja who is assigned to Brother William as a scribe. He still retains his faith, where William has doubt, and suffers a full range of naive and violent emotions, where William has only intellectual pride and cariosity. It is Adja who provides the unschooled reader's route into the heart of the novel: he begins by believing that church dogma binds the truth and ends by fully accepting with his master the value of doubting and laughter in the face of repressive spiritual and political dogmats. The truth is not in words, as Cather's characters often seem to think. In Latin will find answers and enlightenment in *The Name of the Rose*.

—ANNE COLLINS

MACLEAN'S BEST SELLER LIST

Flatten

- 1 The Little Drummer Girl, J. Corry (1)
- 2 Christine, Vera (0)
- 3 Mike & Gold Wreiter, Davidson (0)
- 4 Amazing Discoveries, Meier (1)
- 5 2018: Odyssey Two, Clarke (0)
- 6 Voice of the Heart, Bradford (0)
- 7 Floating Dragon, Shrad (1)
- 8 Amari, Thomas (0)
- 9 Secret Into Hell, Greeley (0)
- 10 The Summer of Raips, Perkinson (0)

Nonfiction

- 1 In Search of Excellence, Peters and Waterman, Jr. (3)
- 2 Megastore, Nozick (6)
- 3 The Last Line, Manchester (3)
- 4 The Output People, Mensch (3)
- 5 The F Plus Plot, Kippen (4)
- 6 Jane Fonda's Working Book, Fonda (3)
- 7 The Love You Make, Brown and Gassner (7)
- 8 Royal Service, Curry (5)
- 9 None Is Too Many, Abrams and Troper (3)
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Taking the art of Shaw seriously

In an outburst of Shavian enthusiasm, the Shaw Festival has presented in mid-season three plays by Shaw himself, spanning 40 years of the playwright's career. The productions—*Caedilla* (1895), *O'Flaherty, V.C.* (1914) and *The Shaploons of the Unexplored Isles* (1946)—challenge the popular belief that Shaw was more a philosophical windbag than an inventive dramatist. Furthermore, the juxtaposition of *Caedilla* and *Shaploons* highlights Shaw's about-face on his favorite topic: love in redemptive mankind. The fiery young socialist who infamously wanted social instru-



Left and Mary Ellen Maguire in *O'Flaherty, V.C.*; V.C.: Fennell, selective breeding

mentary constructed according to the rational principles of a "scientific scientific natural order" eventually concluded at the age of 38 that "this is a world of miracles, not of jigjags and jinks."

At first glance, Bill Glasco, *Caedilla*'s director, and designer Alfred Jackson seem to have mistaken Shaw for Lewis Carroll. Taking their cue from the characters' mutual accusations of madness, they have set the play in a woodland of whimsical cardboard cutouts. Viewed through the looking glass, the home of Rev James Merrill (Michael Ball) turns into a doll's house and the play itself becomes more a gynecology than a piece of drawing-room realism. *Caedilla* is not just a perfect wife to Merrill and a surrogate mother

to the poor Marchbanks (Gerard Wyn Davies). Scathingly clad in blue and white, she is transformed into a Virgin Mary figure who redemptively takes two boys squabbling over her love and their lofty ideas.

Ironically in such a reading, the characters tend to be caricot themselves. The struggle between the pragmatic Christian socialist and the prophetic poet for *Caedilla*'s love is intricately absurd, and the cast brilliantly exploits Shaw's deeply rooted love of farce. But the sacrifice for this optimistic entertainment is *Caedilla* herself, a

der *O'Flaherty, V.C.* (Left) emphatically dangles the nihilistic surrounding war and religion that Shaw so despised.

However, in his later plays Shaw acknowledged that science the debarbaric civilised civilisation as false as those of religion, while also destroying man's fundamental craving for the mysterious. *Shaploons* is really a Shavian magical mystery tour, and director Denise Coffey's choice of John Lennon's *Imagine* and Peter MacGregor's *Let It Be* as musical accompaniment is appropriate. The parallel spans 30 years of his life on the Unexplored Isles, a British colony in the tropics governed by an East Indian priest and priestess and two English couples. Living in communal bliss, they attempt to raise children combining the best of East and West. Unfortunately, the young paragons of Edenian lack conscience, but the arrival of a discredited, overly conscientious English clergyman, hilariously played by Tim Wood, promises a solution through further selective breeding. His proves to be both inspired and implausible, however. Just when domestic and global conflict are about to erupt, an act of judgment renders all useless human endeavor, leaving only the Indians driven to describe Shaw's medicine to an alien species.

Dorothy Fennell, doubling as a steady angel and a marital clerk, is a joy. But Herb Foster and Frances Hyland are wasted as the Indians. The play needs a firm directorial hand to focus its ramble through time and space. Despite some clever stage business at the beginning, Coffey quickly loses control, and too often the audience is left groping for a clear plot line to lead it through the labyrinth of Shaw's argument. Whatever their flaws, the productions provide welcome and enjoyable insights into Shaw's work. The festival has come a long way since Don H. Lawrence, the literary adviser to the playwright's estate, found artistic director Christopher Newton to retain the epilogue of *Some Days* two summers ago. Having invited Lawrence to be the festival's adviser too, Newton now seems more assured in grappling with the Irish master of paradox. At the same time, the actors—notably Nora McElmullin and Sandy Webster—have assimilated Shaw so well that playing him is genuine play to them. Audiences may find the results hard work at times, but definitely worth the effort.

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Poor Toronto, the last to know

By Allan Fotheringham

The most painful thing in the world to see is a city that is embarrassed. Wounded civic pride is painful to behold. Chagrined city fathers gnash their teeth and rend their bosoms in public, causing little blains of grief, filling the air with their tears. Poor Toronto, beloved by all, is this state at the present time. The occasion, viewed with stunned surprise by the residents of the country's largest and richest and most superior city, is the opening of a domed stadium in Vancouver. The astonishment

that this has engendered on the shores of Lake Ontario is akin to news from the hinterland that they have completed sidewalks in Edmonton and electric lights have just been introduced in Regina. From the blazes of Toronto's official agencies you would have thought Calgary had opened an opera house, Montreal had discovered traffic lights or color television had made its way to Halifax. Torontonians reeled in shock, many of them fainting in the streets, the remainder wandering the graceful boulevard of Yonge Street with a dazed look in their eyes, their faces all puffy. It has been the greatest shock to the metropolis since Punch Inishak had removed his hat.

What has so disturbed the natives is that Vancouver seemed to do it all in stealth, sneaking up on unsuspecting Toronto with this sudden apparition that looks like an overripe loaf of bread. Since the Toronto press generally regards any news emanating from more than 35 km outside Metro as something that deserves to appear on the extraterrestrial pages, the news that Vancouver had been building the thing for two years or so had never penetrated the local headlines. The official opening of the event was regarded as an affront, a calculated insult especially designed to make fools of those who lead the nation from its most important city.

Toronto has never really recovered, if the truth be known, from the miracle. Allan Fotheringham is a columnist for Southern News.

that Montreal pulled off with Expo 87, which was followed by the cleverly financed Olympic Games, signifying that Montreal was a world-class city while Toronto sat on its strewn-street infatuation as a failed Boston. Montreal has the Big One as its major-league ball park, while Toronto has to be content with Exhibition Stadium, a forty-year-old collection of bleachers that looks as if it was assembled like a Lego set and serves mainly as a backdrop for the stage shows of imported Hollywood crooners at the CNR, the largest fair in captivity.



There is the farther problem, a bare under the Mantel of all this money, that there seems to be too much enemy. Too much initiative being generated out to the bonodocks. Edmonton has produced the best football team in the land for the past five boring years. Edmonton now has the best hockey club in Canada and seems on its way to a dynasty in that sport with its youthful and exuberant team. It owns the best hockey player in the world in Wayne Gretzky. Edmonton seems to have staged the hugely successful Commonwealth Games just the other week, and now the city is back with something second only to the Olympics—the World University Games. Calgary and Banff are now peeping far their time on the world stage with the 1988 Winter Olympics.

Vancouver hosted the Landy-Bennett British Empire Games, something that long ago and now, in 1986, will mount a world's fair on the banks of False Creek before the final piece of the new domed stadium and, so a

bones, will add an international cruise ship terminal and convention centre, sloped like billowing sails, that will jut out into the harbor.

What is further galling is that the 60,000-seat Vancouver dome, in the country's most fractious labor climate, was built on time and within budget. It cost "just" \$136 million, which is less than the estimated cost of what it would take to cover the pending hole in Montreal's roof—if the engineers can ever decide that the hastily built structure can support the unspectroled tower. There is the suspicion that half those gravel trucks may have been filled with more sawdust than gravel.

So we have this further nagging feeling that these on the fringes (in a building Vancouver's dome) have a more resolute thrust of chin and are four-squares toilers, clearing the timber and burning the stumps as they go, dreaming of the day they too can become a province of exotic expanse. The solution? The only answer to this clear challenge to Toronto's supremacy? The only way Toronto leaves money to Vancouver but it the newest and most modern domed stadium in the world for \$136 million? The Toronto citizenry is being bombarded with proposals about the opening for a \$140-million dome to shut out the sunbathers and the stars, the fresh lake becomes and the aromatic perfumes floating in from the Gardiner Expressway.

The 56,000-seat Edouardo Stadium and the 37,000 seats in Varsity Stadium and Maple Leaf Gardens are not enough. Windsor, which wants to get into the Canadian Football League but needs a stadium, does not matter. A new player for the jocks, Mike Chapman, Paul Godfrey asserts duly in the papers, is the only thing that stands between Toronto and economic collapse, snared in the streets and galloping megawatts. Toronto does not suffer from a need for new players, fanned by taxpayers so as to make beer companies rich. It suffers from a sorrowful insecurity, a bewildering suspicion that there may be something going on out there in the hinterland. It's tough being the last one to know.



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